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## **Latin America**

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# Latin America

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10 MAY 1988

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**ADN, MIR Expected To Be Strong in Presidential Election**

33480104b Cochabamba *LOS TIEMPOS* in Spanish  
27 Feb 88 p A4

[Article by Jose Medrano C.: "Who Will Succeed Dr Paz?"]

[Text] Who will succeed Dr Victor Paz Estenssoro? Gen Hugo Banzer Suarez might become president of the republic, and Gonzalo Sanchez de Lozada might perhaps head the MNR.

In the first instance, the results of the municipal elections establish the parameters for determining how a certain sector of the population will react in the 1989 plebiscite. The joint MNR-ADN government and the Pact for Democracy, of course, were not organized for the love of art. There must have been some agreement between Dr Victor Paz and Gen Hugo Banzer approving the well-known foreign influences which, in the final analysis, determine the path of national policy.

And in the second instance, if the reunification proposal put forth by Dr Walter Guevara Arze is viewed favorably by Dr. Paz for consideration at the next national convention of the MNR, whether it be in April or October, Sanchez de Lozada appears to have the most solid chance at the succession.

Of course, the MNR is no longer in the period, circa 1952, when it had a leader opposed by the land-owning oligarchy and the old tin barons who was borne on the shoulders of the mining and factory workers and peasants in the districts he visited. The turn things have taken today is 90 degrees toward the right, in a kind of betrayal of its principles.

Hernan Siles Zuazo, Walter Guevara Arze and Juan Lechin Oquendo, who were seen in that era as the legitimate successors to the presidency of the republic on the basis of some agreement, achieved their desires under other circumstances—this was true of the workers' leader as well, if only for a little more than 24 hours.

Today these individuals, now bowed under the weight of their years, have been replaced in the foreground of current politics by Gonzalo Sanchez de Lozada, Javier Campero Paz and Guillermo Bedregal Gutierrez, who also aspire to the succession. But to speak the truth, without Victor Paz, the MNR would be on the path toward dissolution.

In this game, it is not possible to see how the chief of state will react with regard to the Pact for Democracy when the test comes. Perhaps in the midst of it, memories will arise—of the removal of the veteran and traditional politician from the political framework of the Nationalist Popular Front headed by Hugo Banzer Suarez, and very rudely forced to leave the country, with no support but that of a prefect of Tarija who resigned his

post, while others, including a present minister and some parliamentary representatives, very simply continued to serve in the Banzer government.

Of course, Dr. Victor Paz is a politician who is familiar with Bolivian psychology and who knows how to make cold calculations in order to impose his decisions. Meanwhile, two political forces can be seen to be likely to vie for voter support in 1989—the ADN of Banzer Suarez and the new majority MIR of Jaime Paz, which was the party which waged the battle against the Banzer dictatorship with the most renewed vigor, bordering on sacrifice and martyrdom.

A coalition of leftist forces with the disappointing experience of the UDP does not offer very great prospects, insofar as it has not won a single bloc under its own banner alone, or, in the end, through its affiliation with the MIR.

The MNR will trail behind these forces in the coming election.

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**Delayed MNR Convention Seen Harming 1989 Election Chances**

33480104c Cochabamba *LOS TIEMPOS* in Spanish  
8 Mar 88 p B6

[Text] The delay in the internal reorganization of the Revolutionary Nationalist Movement has been described by Prefect German Lema Araoz as a serious threat to its potential in the coming general elections.

This official said that while the MNR has not begun its work, and much less overcome its internal difficulties, other parties are pulling far ahead of it, since they have already begun work with a view to the election scheduled for May 1989.

"We should already have begun to work toward the elections, and the failure to do so means damage and a loss of time which we cannot recover. And in fact, we are already in an unequal position with regard to the other political parties," he said.

**Results of the Delay**

When asked about what will happen if the process of reorganization is not speeded up, apart from the fact that to date the commissions have not been dispatched to the interior of the country, as the leadership of the movement had announced they would be, Lema Araoz said that in fact, the membership is well enough aware to carry out the decisions of its leaders precisely. "The important thing here will be to identify those who will be responsible for the MNR leadership in the district. For my part, I have always been a respectful militant ready to work for the MNR, and

I have not encouraged differences with my comrades. If any such exist, they are not ideological, except with those who go beyond the framework of what is rational, speaking from a party point of view."

Lema Araoz has described himself as an enemy of prepotency and indifference toward his party, to which he says he gives himself fully, without expecting anything personal in exchange.

Returning to the subject of the general election, he said that it is still premature, under the present circumstances, to discuss the nomination of candidates either for the posts of president and vice president or for parliamentary seats. "This will necessarily fall to the national leaders of the MNR, who know the people who are capable of providing good representation. And therefore I believe that great care will be taken in the selection."

#### April or August—A Dilemma

Where the work of the members of the parliamentary bench of the movement in the present legislature is concerned, he said that it should be the people who assess their work, but in his view, all of them are doing what they can to the benefit of their districts.

What he reiterated was the risk of delaying the internal reorganization of the MNR, because of the losses which must be foreseen along the way in terms of the general election next year. "We have lost two months this year, and this is a great deal, in view of the work which needs to be done," he said in conclusion.

With these statements, the prefect of Cochabamba took a stand which brings him close to a group of movement leaders who advocate holding the MNR convention in the month of April. Abel Ayroa Argondona said yesterday in La Paz that the top leadership of his party decided recently to schedule this event during the month of August.

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#### PS-1 Leader Speaks on Party Affairs, Municipal Elections

33480104a Cochabamba *LOS TIEMPOS* in Spanish  
28 Feb 88 p B5

[Interview with PS-1 leader Romero Velazco; date and place not given]

[Text] There are few, very few, organizations in the Bolivian left-wing spectrum which succeed in maintaining activity and the promotion of their ideas on a constant and stable basis. The Socialist Party-1 is one of these exceptions.

As a general rule, the party structures which emerge in our country are born with a congenital susceptibility to the conceptual limitations—about power, the search for it and the exercise of it—suffered by the leftist sector in its attitude

toward reality. Here lies the source of the splintering which characterizes these political movements in connection with a discourse which is universal at the beginning.

The PS-1 has also suffered from all of the epidemics which affect the parties of the left—internal crises, ideological conflicts and schisms. But even so, it was strong enough to participate in the last municipal elections and to achieve results which are not too depressing.

The socialists in Cochabamba held a congress last weekend. The national leader, Romero Velazco, was present, and we had an opportunity to talk with him.

[Question] What are the main characteristics of the economic process in effect in the country?

[Answer] Bolivia is a country with an extremely weak domestic savings capacity. Despite the fact that its economy is fed by resources coming in large part from drug trafficking, an excessive flight of capital persists, and indices of luxury consumption which are inconsistent with the needs of the country have been rising.

[Question] Is there a concrete proposal which would provide an alternative to a model of the sort currently in use?

[Answer] A strategy of development for Bolivia is unthinkable without contemplating a state takeover of private banking in order to slow the flight of capital. And import trade should be nationalized through a state monopoly on foreign trade. Similarly, making selective exports, with the surplus produced being retained in the country, should be contemplated. Only thus can Bolivia achieve the capacity to generate the domestic savings needed in order to be able to contemplate development projects.

Otherwise, Bolivia will become a province of the economies of neighboring countries, and we are already, in fact, a subsidized market for foreign industries. A country has no prospects if it does not see to its own administrative autonomy and its own development.

[Question] These positions have not varied substantially since the PS-1 adopted a critical attitude toward the UDP administration. However, your party has not proposed a concrete path which would make these suggestions viable.

[Answer] I think, without being optimistic, that there will now develop an awareness on the popular and national levels in Bolivia which will make it possible to undertake this type of policy. How, I cannot predict, but I believe that the last municipal elections provided a very important indicator, and it may be that the future general elections will reveal the possibility of a popular solution in Bolivia. It is impossible to predict what the final consequences of this popular solution would be, but the important thing is that the awareness exists so that this can occur.

[Question] The left wing says that the last municipal elections meant rejection of the government. However, this seems to be relative. The joint government forces retain a certain weight in the electoral figures.

[Answer] But it is a question of only one of the joint government forces. The other, the MNR, saw a violent decline, because it is the force which manages government. In the final analysis, I believe that the municipal elections served as a plebiscite defining the decline of the government image and the unpopularity of its model.

[Question] And in your judgment, why didn't the ADN receive a similar "penalty vote"?

[Answer] To a certain extent it did, as well. Let us not forget that there is one vote missing here—that of the MNR. Why didn't the ADN absorb the votes lost by the MNR? These votes, which in the logic of joint government should have benefited the ADN, went instead to the MIR.

[Question] What is your assessment of the role your party played in the municipal elections?

[Answer] The first conclusion about our experience in this process is that in Bolivia, the political electoral system is an expensive political system. The electoral system in our country has been marketed, and even awarded as a prebend, to a tremendous extent. One can no longer speak of elections in Bolivia without speaking of economic power. We therefore participated under extremely disadvantageous conditions.

On the other hand, it has also been observed that the mass media become big business during electoral campaigns. To avoid this and to ensure that the media carry out their task of informing the people about the various options, the Parliament should impose very specific regulations.

Another conclusion to which we came following this experience is that the left wing needs to create local leaders who will assume and undertake projects consistent with the regional needs. The left wing is accustomed to expressing itself solely through the national leaders.

[Question] The PS-1 participated in the last elections against a sad background, since it had previously suffered an internal schism. What was the cause of this break?

[Answer] The origin of our division occurred precisely here in Cochabamba, when the dissident group convened a congress to which the members of the national leadership of the party and various regional leaderships were not invited. On that occasion, resolutions and measures were adopted behind the back of the party. However, that regrettable incident is a problem which has now been overcome. For example, the comrades from Potosi who attended that congress have now rejoined the party, and there are various similar cases.

[Question] But wasn't it perhaps true that the split involved Roger Cortez and those who opposed your leadership?

[Answer] That is a subjective opinion. In my view, its validity is unimportant, because this is absolutely in the past. Our concerns cover a much larger area, with a much more extensive projection.

[Question] What about unity of the left in the event that the socialists cannot contemplate this possibility on the basis of a reconciliation between you and Roger Cortez?

[Answer] Look, I will explain one thing to you. If you go to the National Electoral Court and examine the petition we signed, you will find on that document the names of five party leaders, including that of Roger Cortez. To date, these names, including Roger's, have remained on this petition. However, it was Cortez who went to this same Electoral Court and registered another leadership and another party, with different bylaws. You are not aware of this, but as a journalist you can confirm it at any time.

Thus this group has set itself up as a different political party of its own volition, and in our view, this is yet another group within the Bolivian left-wing with which dialogue is possible at this time.

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#### Commission Approves Joint Financial Ventures With Hungary

33480098b I : Paz PRESENCIA in Spanish  
7 Mar 88 p 1

[Text] Bolivia and Hungary have decided to expand their relations and to deepen the financial cooperation between the two countries, it was revealed in the conclusions approved yesterday by the mixed Bolivian-Hungarian commission which met at the foreign ministry of the republic.

The communique issued by the Ministry of Foreign Affairs said that the results of the meeting, which ended yesterday, were positive for both countries.

"The negotiations were characterized by the desire of both parties to reach an understanding allowing the implementation of cooperative activities which will benefit both peoples.

"During the course of the negotiations, the status of the relations between Bolivia and Hungary was analyzed, and in order to expand and deepen them, it was decided to increase financial cooperation, to step up trade exchange, to establish mixed enterprises and to implement various projects."

It was emphasized that the two delegations reached an understanding which will make it possible to sign a reciprocal credit agreement between the central banks of Bolivia and Hungary in the near future.

In addition, agreements were presented which will make it possible to create the juridical framework for the establishment of mixed enterprises.

It was agreed to devote the greatest attention to an analysis of the mechanisms designed to promote trade exchange between the two countries with a view to the purchase of nontraditional products.

As to the project's implementation, the delegations agreed to take the necessary steps in the direction of cooperation in the realms of agriculture, agroindustry and health, as well as the purchase of machinery and supplies, mainly for the nationalized and private mining sectors.

At the conclusion of the negotiations, the two delegations exchanged notes wherein the Hungarian delegation promised to pass on to its respective authorities the Bolivian desire to obtain donations of medicine, to expand cultural cooperation and to make concrete arrangements for non-reimbursable Hungarian technical cooperation.

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#### Official Says Unemployment at Highest Level in 10 Years

33480108a *Quito HOY in Spanish* 20 Mar 88 p 24

[Text] Four hundred thousand Ecuadoreans, about 13 percent of the workforce (PEA), are unemployed. This is the highest jobless figure in the last 10 years, said economist Maria Mercedes Placencia, executive director of the Promotion and Employment Center for the Urban Informal Sector (CEPECIU-Guayaquil).

"If the overt unemployment rates are pushing tolerable limits (in the last 10 years, unemployment went from 5.1 percent to 13 percent), the need to survive is driving up underemployment, which is estimated at more than 50 percent of the PEA. The underemployed are workers who do not even make the equivalent of the minimum living wage," stated Placencia.

The problem of unemployment and underemployment is giving rise to second thoughts about the economic policy that has been pursued in the last few years. "Although the key to development lies in growth, we must admit that growth alone does not guarantee higher employment levels, the redistribution of income, or social well-being," argued the expert.

This assertion is confirmed by the fact that when growth rates exceeded 8 percent a year in the last decade, unemployment and underemployment did not go away, although they were attenuated. The problem, however, worsened after 1982, when the economy went from a deceleration of growth to a period of clear recession.

"The lower growth rate in the GDP," contends Placencia, "goes hand in hand with the higher rate of overt unemployment, and the latter, in turn, is accompanied by increases in the various forms of underemployment."

#### Modern Sector and Informal Sector

"The research that has been conducted with regard to the urban informal sector (SIU) shows that there are many and diverse relationships of subordination, complementarity, integration, and the like between the modern sector and the formal sector," claims Maria Mercedes Placencia.

This view of the economy questions the dualist interpretations of society that attribute to each sector, the modern and the informal, its own logic and autonomy.

"Considering that the Ecuadorean economy is a single entity, encompassing diverse forms of production rather than a dualist system, the evolution and dynamics of the modern sector have a direct impact on the informal sector of the economy," she argues.

The links between the SIU and the modern sector are many: They are found at the technological level (they purchase new machinery or parts), they buy material inputs and commodities, they also resort to the capital market (without success), and they participate in certain segments of oligopolistic markets (with relative success).

"The modern sector, in turn," says the expert, "makes use of the informal sectors for marketing countless products in order to bring down production costs for a variety of services, and to reproduce part of the labor force that is on the lower occupational levels."

"There is, then, an intersectoral exchange system that is permanent and that intensifies in accordance with the activities," says Placencia.

In conclusion, the SIU's situation, development, and cumulative evolution, according to Placencia, are related to the growth and expansion of the rest of the economy, but particularly with the modern sector and its inability to absorb the increasing supply of manpower.

"The fundamental problems," she concludes, "are linked to survival, and to the reproduction of a majority of Ecuadoreans."

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**CBMM Niobium Exports, Accords With PRC, USSR Discussed**  
33420080 Sao Paulo *FOLHA DE SAO PAULO* in Portuguese 12 Mar 88 p D-1

[Article by Jose Roberto Caetano]

[Excerpt] At the end of 1987, the Brazilian Mining and Metallurgy Company (CBMM) in Araxa, Minas Gerais, continued to be the supplier of 65 percent of the world demand for niobium, a strategic metal for the production of certain special steels. About 45 countries consumed 97 percent of the volume produced by the CBMM, resulting in earnings of \$76.7 million (8 billion cruzados) for Brazil.

"Our survival depends on the foreign market," says Julio Cesar Gaertner, 50, the firm's market development manager. He adds: "Owing to our importance as world suppliers, we have the responsibility to pay full attention to quality, the standardization of products, and packaging and to adapt our production so that the customers do not suffer a lack of material." More than ensuring that consumers are adequately supplied, the CBMM maintains a permanent organization for providing users with technical support, something that is indispensable to the marketing of products with very specialized applications in such sectors as iron and steel, the aerospace industry, electronics, chemicals, and optics.

The 7,550 metric tons of niobium placed on the market in 1987—compared to a worldwide demand for 11,600 metric tons—were sold by the subsidiaries Niobium Products Company, Inc. of Pittsburgh (United States) and Niobium Products Company, Inc. of Duesseldorf (FRG) and by seven more independent distributors operating in North America, Europe, and Japan. Customers consist of a total of 250 firms, most of them steel producers, to which the CBMM does not sell directly but which it does serve with a team of 20 professionals—a good many of them metallurgical engineers with post-graduate degrees—who work abroad in three engineering offices located in Pittsburgh, Duesseldorf, and Tokyo.

#### **USSR and China**

The Araxa firm's experience in technical promotion abroad dates back to the early 1970's. It was realized back then that providing the final user with direct technological extension services would form the basis for marketing success and growth, and this has now made it possible to sell to the USSR and China.

It was visualized that exchanges with the technical and scientific communities for discussing niobium's use and its potential would have to be established as a permanent practice. Basically, this is achieved by making an average of 475 visits annually to firms in all the purchasing countries, sponsoring seminars and round tables, and

participating in events held by the international technical-scientific community. Gaertner describes those activities as "marketing work which is done basically by metallurgists and on which the firm is totally dependent."

Another form of activity consists of bilateral technical-scientific cooperation agreements preceding commercial agreements with such countries as the USSR, where steel production totals around 150 million metric tons per year. Exchanges with the Soviets began in 1977, when a delegation from the CBMM visited Moscow to propose an exchange of experiences and know-how. In October 1980, Russian experts visited the facilities in Araxa for the first time. And by the end of last year, those closer relations had resulted in exports with an accumulated value of \$47 million. Another seminar is scheduled to be held in Moscow this coming April—a procedure that has become routine for the CBMM.

Trade with the Chinese has not yet gotten off the ground, but two cooperation agreements have already been signed, and six technical missions have visited that country since 1979, which was long before China first adopted measures for an economic opening-up to the West. China's annual steel production totals about 50 million metric tons, and plans call for doubling that amount by the end of this century.

#### **Reduced imports**

Another important task which the CBMM has tackled successfully in recent years has been that of Brazilianizing the inputs it uses to process niobium products. In 1980, the firm's imports totaled over \$25 million. It then began a program for Brazilianizing its supply of inputs, with the result that its imports totaled only \$10 million last year. "Our policy is to avoid as much as possible the bringing in of materials and equipment from outside," says the market development manager.

This year and next year, however, imports will be necessary in order to carry out a new project now underway. About \$3 million will be spent to bring in a West German furnace that will enable the firm to produce pure niobium on its own. Pure niobium is used in corrosion-resistant containers for the chemical industry and in the future will probably also be used in superconductors in the form of an alloy with titanium.

Worldwide consumption of pure niobium currently totals 200 metric tons at a price of approximately \$50 per ton. Since 1981, it has been produced in Brazil by the Industrial Technology Foundation (an agency of the Ministry of Industry and Commerce) in Lorena (185 km northeast of Sao Paulo) under a joint program with the CBMM. Within 18 months, when it completes its project involving a total investment of \$6 million, the firm will begin producing the pure metal at its own facility, where the initial capacity will be 40 metric tons per year.

Another project now underway involves a new niobium oxide plant that will replace the current facility and result in optimized costs, improved processes, modern equipment, and complete elimination of the emission of pollutants thanks to a closed system for waste containment. The planned investment will total \$2 million over 2 years. All investments are being made entirely from the firm's own funds.

### Steelmaking Consumes 90 Percent of Production

Discovered at the beginning of the last century by the Englishman Charles Hatchett, niobium has only become important in industrial use over the past 25 years. The iron and steel industry takes about 90 percent of the world's production of the metal, which it uses to produce microalloys and stainless steel. In terms of volume, the second most important area of use is the production of superalloys, which are used chiefly in the aeronautical and aerospace industries. On a smaller scale—only 3 percent of the current total—niobium is also used in electronic, optical, and ceramic equipment, in superconductors, and for other purposes.

According to the explanation provided by engineer Renato Papaleo, 51, director of research and development at the CBMM, microalloy steels (to which a number of elements are added in very small quantities) account for 75 percent of the market. They use ferroniobium, which is an alloy consisting of 65-percent niobium. That alloy bestows properties on steel which help it to resist corrosion at low temperatures. Steels with that characteristic are used chiefly in the construction of oil and gas pipelines.

Beginning with the worldwide crisis in the early 1980's, the amount of niobium added to microalloy steels was proportionately reduced as one of the rationalization measures being resorted to in world industry. "For 7 years or so, about 500 grams of Nb had been added to each metric ton of steel. That has now been reduced to 300 grams per metric ton of steel," says Papaleo. That explains why today's average worldwide consumption of 12,000 metric tons per year is less than the 13,600 metric tons of demand reached in 1980, when the firm's exports totaled nearly \$110 million.

The CBMM's director of research believes that the reduction has now gone as far as it can. The greatest remaining threat to niobium is the competition from titanium, a metal used for the same purpose in the production of various steels. At the same time, however, niobium has the lead in competition with other metals and is taking market share away from tantalum, molybdenum, and tungsten.

### Investment in Research

In the permanent struggle to win the favor of customers in the iron and steel industry, it is vital to develop new applications and to refine the traditional uses of the

metal. The CBMM devotes an average of 2 percent of its billing to the research activities headed by Papaleo at the technical unit in Sao Paulo. Another 1.5 percent of earnings is invested in Araxa in the development of processes and products.

The work in the Sao Paulo office is done through contracts awarded to firms, institutes, and universities, the purpose in all cases being to expand the metal's range of applications. "For example, we try to verify the potential for using niobium in steels in which it is not already used—in steels for cutting tools, for instance," says the director. Another area that is the target of such efforts, with the basic research being done in universities, concerns the use of niobium oxides for electronic purposes in the manufacture of monocrystals and capacitors. Good potential also exists for the introduction of those oxides as catalysts in chemical reactions.

The sum total of all oxide applications is still very small: about 10 or 13 percent of all the niobium consumed in the world. Most of that is used in the production of superalloys. There is practically no demand in Brazil as far as that more sophisticated range of uses for the metal is concerned. Another possibility involves using the pure metal in applications in connection with high temperatures, superconductivity, and high corrosion resistance.

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### Space Accord With PRC To Be Formalized in July

33420090 Rio de Janeiro *O GLOBO* in Portuguese  
22 Apr 88 p 14

[Text] Brasilia—Brazil and China will launch the first remote sensing satellite manufactured by the two countries into space in 1992. The agreement will be formalized during the visit that President Jose Sarney will make to Beijing in July, the Brazilian Foreign Affairs Ministry announced on 21 April. The two nations have been developing space cooperation since 1984 when an agreement to exchange information was signed between the National Institute of Space Research and the Chinese Space Technology Academy. The details of the agreement will be discussed in advance by Foreign Minister Abreu Sodre and Chinese authorities during Sodre's visit to China from 29 April to 6 May.

The first satellite, weighing 1,300 kg, will be launched by a Chinese rocket of the "Long March" series, as will be the second, with launching scheduled for 1994. Both will be used in agriculture, geology, monitoring, etc. The cost of the project is \$150 million, 30 percent of which will be financed by Brazil. According to the Foreign Affairs Ministry, the program will enable the two countries to engage in projects that are appropriate to the situation in each country. In addition to the PRC, Brazil also has space cooperation agreements with the FRG, USSR and France.

Cooperation in areas such as agriculture, informatics and energy will also be discussed during Sodre's visit to Beijing.

### Possible Joint Ventures To Be Discussed With Chinese

33420081c Sao Paulo GAZETA MERCANTIL  
in Portuguese 10 Mar 88 p 6

[Article by Maria Helena Tachinardi]

[Text] Brasilia—The possibilities for substantially increasing trade between Brazil and the PRC are limited, because sales of oil, the main product on the Chinese export list, have already reached a maximum and cannot be increased, and iron and steel products, the leading Brazilian sale item, are being purchased in smaller quantities due to the limitation of civil construction expenditures in that country.

While there are difficulties in the commercial realm due to lack of complementarity and foreign exchange, there seem to be good prospects for the creation of joint venture companies, above all in the automotive sector. China needs to produce buses and trucks and is interested in acquiring the technology. The Chinese are already cooperating with the German Volkswagen firm, which has an assembly plant in Shanghai, and with a North American firm which is producing jeeps in Beijing.

A high-level mission representing the China Council for the Promotion of International Trade (CCPIT), which will arrive in Brasilia today after visiting Manaus, will travel to Sao Paulo tomorrow for talks with Volkswagen, Mercedes-Benz and General Motors.

"This mission has come here to assess the market potential and the possibility of creating joint venture companies in the automotive, electrical, mineral and metallurgical sectors," the commercial attache at the embassy, Li Yan Liang, said. He noted that for the past 2 years his country has been controlling imports, of vehicles in particular, due to the serious trade deficit China has been experiencing as a result of the open import policy in effect until 1985.

The Chinese government, which has to date made small investments in Brazil—\$3 million up until 1986—has six enterprises in the country, all of them established in the past 4 years. They include two commercial firms in Sao Paulo, a subsidiary of China National Metals and Minerals Import and Export Corporation (Minimetal) in Rio, which in turn has an iron ore processing plant in Minas Gerais, and a company in Manaus for the processing of timber.

Both Minimetal and the China Metallurgical Import and Export Corporation, which purchases Brazilian iron and steel products, are represented in the mission by their vice presidents. The goal of China Metallurgical is

to establish with SIDERBRAS, whether Brazil can supply certain special types of steel which ceased to be exported to that country last year due to the inadequacy of the supply for the domestic market. This was one of the reasons that bilateral trade declined, dropping from \$970 million in 1986 to about \$600 million in 1987. The inability of Brazil to sell more cellulose to the Chinese also contributed to this performance.

The trade record was set in 1985, when Prime Minister Zhao Ziang visited here. In that year, trade came to a total of \$1.4 billion. It then dropped to \$970 million in 1986 (Chinese exports of \$255 million and imports of \$710 million). Up until November of last year, Brazil had sold goods worth \$334 million and purchased goods worth \$264 million, according to CACEX data.

In 1987, our country purchased metallurgical coke from China for the first time (200,000 tons), and after some time, the Chinese began to purchase wood from Brazil through Cottia Trading. This year the Chinese propose to sell more chemical and pharmaceutical products and machine parts in order to balance their trade.

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### Saudi Arabia Now Leads Middle Eastern Trading Partners

33420081d Sao Paulo GAZETA MERCANTIL  
in Portuguese 12-14 Mar 88 p 3

[Article by Maria Helena Tachinardi]

[Text] Brasilia—As of last year, Saudi Arabia replaced Iraq as Brazil's leading trade partner in the Middle East. It is an important fact that Baghdad still continues to be the main supplier of oil to PETROBRAS, but it has lost its first place as an importer from Brazil because, diplomats at the Itamaraty Palace explain, Iraq is a country with a centralized economy. It has made trade decisions based more on prices than on quality. The proof is that it has ceased to buy chicken from Brazil (in 1985 it was the second most important purchaser of this product), and is now buying it from the United States, which offered subsidized prices at a time when competition was difficult for our exporters. Information from the same source indicates that because Saudi Arabia has a free market economy, it has not ceased to import Brazilian chicken because it has now come to rely on the quality of the product.

Saudi Arabia, the second-ranking supplier of oil to Brazil, increased its exports from \$213.8 million in 1986 to \$418 million in the first 11 months of last year.

Two years ago, Iraq purchased goods from Brazil worth \$372 million, while the total for last year was \$275 million. Baghdad has not only ceased to purchase chicken, but also weapons, for which it has found other suppliers.

The principal items in our exports to Saudi Arabia include chicken, weapons and vehicles. A contract was signed with Volvo last year for the delivery of trucks. General Motors regularly exports pickups, and according to information obtained from Brazilian diplomats, there is a good likelihood that Volkswagen will be supplying Fox vehicles (Voyage, an export model). "They are interested in products of good quality and at good prices," our sources said. They noted that with the decline in oil prices, this has become an important factor in negotiations with the Middle Eastern countries.

One characteristic of Saudi Arabia, as opposed to Iraq, is that it does not engage in "countertrade" contracts, but only single operations in this sector. In this connection, the sale of Brazil's Osorio tanks may be offset by purchases of oil.

The Saudis carried out one of the largest "countertrade" operations reported when they purchased 10 jumbo aircraft from the United States 2 or 3 years ago in exchange for oil.

Beginning next month, the Brazilian embassy in Jidda, Saudi Arabia, will be headed by Ambassador Luiz Villarinho Pedroso, who presently heads the Trade Promotion Department (DPR) at the Itamaraty Palace. He will fill the position left vacant 6 months ago when Ambassador Jorge de Sa Almeida retired. His DPR post will be filled by Minister Guilherme Leite Ribeiro, who headed the Brazilian financial office in New York for 5 years. He has also served as head of the personnel division at the foreign ministry and in the foreign trade secretariats at the embassies in Mexico City, Santiago, Chile and Rome.

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#### **Firms Identified as Candidates for Privatization Cited**

34420082c Sao Paulo *O ESTADO DE SAO PAULO* in Portuguese 5 Apr 88 p 36

[Text] At least 88 state enterprises (22 from the PETROBRAS [Brazilian Petroleum Corporation] group, 20 from the TELEBRAS [Brazilian Telecommunications, Inc] group, 16 from the CVRD [Rio Doce Valley Company] group, eight from the ELETROBRAS [Brazilian Electric Power Companies, Inc] group, eight from the PORTOBRAS [Brazilian Ports Enterprise] group, four from the RFFSA [Federal Railway Network, Inc] group, and 12 from the SIDERBRAS [Brazilian Iron and Steel, Inc] group) have been reported as "potential candidates for privatization." The inclusion of those firms on the list to be published by the government depends, however, on complicated political negotiations, in view of the resistance to privatization on the part of certain groups, such as PORTOBRAS.

In addition to those 88 companies, subsidiaries of 7 of the 10 leading state enterprise groups, government agencies such as IAA [Sugar and Alcohol Institute], CAEEB, and EBTU [Brazilian Urban Transportation Company] which, since the middle of last year, have often been on the privatization lists prepared in the offices of the economic area ministries, are due to be included on the list for abolition, merger or privatization.

The inclusion of the 88 state enterprises on the denationalization list was proposed at the end of last year by then Secretary of the Interministerial Privatization Council David Moreira, along with a bill stipulating the procedures for privatization of capital and state enterprises.

The planning minister, Joao Batista de Abreu, himself admitted that the bill sent to Congress by President Sarney last week was based, in most of its provisions, on David Moreira's proposal. Similarly, the basis for the list of business firms subject to privatization, submitted by SEPLAN [Planning Secretariat] for President Sarney's assessment, is comprised of Moreira's suggestions.

Should the government accept the notion of privatizing the 88 state enterprises proposed by David Moreira, the number of firms in the productive sector, currently 176, would be cut in half, removing another 22 typical entities from the government (which have no operational revenue and depend on treasury funds to survive, as in the case of EMBRAPA [Brazilian Agriculture and Livestock Research Enterprise], EMBRATER [Brazilian Rural Extension and Technical Assistance Enterprise], and others); 23 from the financial sector (the federal government banks), and one from social security. Excluded are the 27 state electric power concession holders, and the 125 autonomous entities and foundations. Since some of the state enterprises are controlled by strong political groups which support President Sarney, Planalto is encountering problems in including them on the list of entities subject to privatization. According to a common interpretation in the economic area, this is the main reason for the difficulties met by the ministers of finance and planning, in obtaining the final word from President Sarney yesterday on the preparation of the list of enterprises that may be privatized.

2909

#### **Economic Stagnation, Impact on Key Sectors Analyzed**

33420078 Sao Paulo *VEJA* in Portuguese  
23 Mar 88 pp 110-112

[Text] Brazil likes to think of itself as a country which, despite all its difficulties, is always moving forward. Is this really the case? The indices of variation of the Gross Domestic Product slid from 8 percent in 1986 to only 2.5 percent in 1987. After experiencing the euphoria of the growth of the 1970's, chanting "Forward, Brazil," there were signs last week that, on analyzing its economic performance at the end of the 1980's, the country may

have to change the chant to "Brazil to the rear." The curve traced by the figures last year is only the most obvious and dramatic indicator of a recent phenomenon—the return to reality after the carnival of consumption of the Cruzado Plan. The most serious symptoms of the rearward march, however, emerge on analysis of the figures beginning with 1981—the first year in which the country plunged into the recession—and including the ephemeral recovery between 1984 and 1986. Since then, on balance, it is seen that the Brazilian economy is simply stagnating, or a little more.

The figures show a country that, taking the average for the 7 years, grew no more than 2.3 percent—an annual rate only slightly above the growth rate of the population and, even so, bolstered by the exceptional performance of agriculture, which grew 14 percent last year, thanks to extremely favorable weather conditions. The real thermometer of expanding wealth—industrial performance—was practically zero in 1987 and averaged no more than 1.5 percent for the 7 years. The rate of investment in industry fell sharply—from 25 percent of the GDP in the middle of the 1970's to slightly more than 16 percent in 1987—and the technological lag can almost be measured in decades, compared with the development countries, as if Brazil had turned its back on the future and had opted for backwardness.

"The country is stuck in the mud," commented Professor Joao Manuel Cardoso de Mello, former advisor to the Finance Ministry during the tenure of Minister Dilson Funaro. "Without an investment rate of 23 or 24 percent per year, there will be no growth."

#### Ph.D for \$50

This standstill is not just a chance pause along the way. Far from being the fruit of temporary circumstances or of mistakes by one or another government, the Brazilian stagnation in the 1980's is the result of a sum of factors that have been progressively undermining the health of the nation's economy—the lack of investment, the technological lag, the lack of a coherent industrial policy, obsolescent industrial machinery, discouragement of foreign investment, protected markets and uncontrolled inflation. It is the combination of these factors which is bringing Brazil to a standstill and could cause it to miss the plane to the future.

This stagnation is particularly troubling in sectors that are keys to the growth of a modern economy. In one of the areas in which advances have been most rapid—biotechnology and genetic engineering—the technological lag is forcing Brazil to reinvent procedures that have already been standard in American laboratories for 10 years, with disastrous consequences. There are no more than 600 registered researchers in the entire country and investments in research in the last 5 years have come to only \$90 million—an average of \$18 million per year, or practically nothing. The picture becomes even more alarming when we compare the rates of investment in

research. Brazil currently invests about 1 percent of its GDP, whereas Japan invests 2.8 percent and the United States invests 3 percent. This may not look like much in terms of percentages, but in absolute numbers the difference is brutally clear. We need only compare the Brazilian GDP (\$313 billion) with the American GDP (\$14 trillion), to give some idea of the chasm between Brazil and the countries which are more advanced in research. A single private company, the U.S. firm IBM, spends no less than \$5 billion annually on the development of new technologies, almost double the amount invested by Brazil altogether.

The contrasts border on the pathetic when we look at superconductors—an area in which development is equally rapid. In Brazil, the most advanced research, conducted in more than a dozen universities, is virtually comparable to the contents of a science kit sold on the market in the United States for \$50. In other words, following the instructions and properly handling the materials for superconductivity experiments with ceramic components, any American citizen with \$50 to spend can achieve a level of knowledge that would qualify him for a PhD in a Brazilian university.

#### Three Times as Expensive

"The big advantage of the wheel is that it has already been invented," jokes Professor Wilson Cano, of the University of Campinas, arguing for a revision of the policy of market protection for computerware. "The problem is that the market reserve, which has already served out its usefulness is fostering the emergence of the 300 Brazilian companies currently active in this sector, was created out of a concern for national security—a military problem—and had no connection with industrial policy," Cano argues.

Luis Carlos Delbein Leite, president of Sindimac (Inter-state Machine Industry Association) also acknowledges some merits in the computerware legislation, but he has complaints. "There are sectors which are paying a high price for this." He cites an example: A basic industry needs an electronic apparatus called "numerical control," which projects, designs and commands the manufacture of parts which require millimetric precision in measurements. This equipment is covered by the market protection and is produced by Brazilian companies, but at three times the cost of importing similar equipment. "For the price of one numerical control produced in Brazil, the industry could acquire three abroad," Delbein Leite observes. "The high prices charged by the nation's computer industry are leading many companies to postpone their investments and are forcing others to modernize only a portion of their equipment." The machine industry should invest \$1.5 billion this year—and this is very little. According to Sindimac calculations, an adequate investment floor should never fall below \$3.5 billion a year, if Brazil's machine industry is to keep pace with the international competition.

Even if it had the breathing space to achieve that rate, the country would still feel the effects of the long process of stagnation. According to Venilton Tadini, director of planning of the Brazilian Association for Basic Industry, the prospects are very gloomy. "If the market comes to react and brings in orders for the companies, I fear we would not have the capacity to meet the technological demands," he declares. "We are entering a process of obsolescence with regard to our machinery, in contrast to the modernization which is taking place in other countries."

### No Breathing Room

Tadini speaks with the authority of one who has been active in a sector which less than 15 years ago was the spearhead of the effort to establish a new phase in Brazil's industrialization process, through the creation of great capital goods industries and the substitution for imports. Spurred by government incentives, the industries grew; they survived primarily on government orders, which absorbed 60 percent of their output, and now they are the victim of the government's inability to provide new financing and they are not robust enough to recover on their own. The dramatic deceleration has forced the 96 companies in the sector, including the huge multinationals Brown Boveri and Siemens and the national firms CONFAB, Bardella and Villares—to lay off about 40,000 employees over 7 years, or 17 percent of the total labor force in the sector, which is now reduced to 200,000 workers.

Currently, production lines are operating at only 60 percent of capacity and basic industry sees no prospects of recovery after experiencing a negative growth of 1.8 percent last year. "Several planned investments and allocations for orders from state companies have been cut," Tadini reports. Given a crisis of such proportions, the observation made last week by Paulo Vellinho, acting president of the Brazilian Association of Electric and Electronic Industries, sounds like a euphemism. "In the last 2 years, the private sector has been on hold with regard to new investments," he said. "Investment is a function of the market and, as we see, Brazil is moving forward by fits and starts."

### Scrap Heap

"The Sarney government has already produced eight different documents on industrial policy, including the Plan for Goals and the First National Development Plan of the New Republic, and it has not implemented any of them," notes Sao Paulo economist Ana Lucia Goncalves da Silva. Without an industrial policy and—along with it—a technological development policy, the country risks irremediably compromising the competitiveness of its companies, accustomed as they are to excessive protectionism, which shields them from international

competition. The risk even threatens sectors which account for the favorable figures presented by the trade balance, also released last week, showing a record surplus of \$858 million.

The textile industry, for example, which traditionally makes its presence known in the international market and which in the 1970's was considered to be in line with the technological vanguard, today faces the dilemma of modernization. A diagnosis conducted last year by the management associations in the field concluded that it would require investments totaling \$10 billion by the year 2000 to save the Brazilian textile park from the scrap heap. Only no one knows where the money would come from. The situation is the same in other sectors in which Brazilian industry was once accustomed to doing well, such as shoes, clothing and foodstuffs. Brazilian shoe manufacturers are still producing with equipment that is considered first-generation, whereas Europe, which until a few years ago appeared to be permanently out of the running, is now using fifth-generation machinery, with much greater productivity. The technological lag directly affects important items on Brazil's export list: shoes and textiles each represent about \$1 billion annually in foreign sales.

### Exchange Magic

"How long will the United States and Europe continue to import these products?" asks Prof Wilson Cano. "The government can maintain the competitiveness by doing magic with the exchange rates; but as for true competitiveness, which must be structural, we are losing it." In the same vein, Prof Joao Manuel Cardoso de Mello sees a roadblock to any further effort to recover the investment levels and the industrial growth rates of the past. "At a time when European countries are preparing to remove the last trade barriers between them by 1992 and the United States and Canada are doing the same, Brazil does not even know if it can continue to attract the multinationals," he said. "Brazil is even losing the great attraction of cheap manpower. It is still cheap, but, with the fantastic development of technology, this factor is ceasing to be decisive for the multinationals in their investment choices."

Almost orphaned by a state whose investment capacity is crippled, without a sure direction to guide their own investment and faced with a technological lag which threatens to drive them out of the international market, some businessmen do not hesitate to paint a frankly pessimistic picture of the future. "We have not yet arrived at the junking process that almost did in Argentina's industry, but we run the risk of getting there," says Delbein Leite, of Sindimaq. "If the government does not reorder its priorities, Brazil will be signing the death warrant on its dream of one day becoming a first-world country."

**Poll Reveals Little Enthusiasm for Likely Presidential Candidates**  
33420081a Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 27 Mar 88 p 6

[Text] If the election of the president of the Republic were held today with the six most prominent names in the major political parties as candidates, Leonel Brizola of the PDT would be the favorite (18 percent). But if the list were expanded to include 16 possible candidates, Orestes Quercia would be likely to receive the most votes (35 percent), adding the certain ones together with the possibles. Brizola would come in second (30 percent). This picture would change further if only the voters who say they know each candidate were included. Governor of Alagoas Fernando Collor de Mello, along with the governor of Sao Paulo, would share the voters' preference. The IBOPE, which made the survey, says that even with a choice of 16 candidates, two-thirds of those interviewed showed no enthusiasm for any of the "presidential possibles."

This survey was taken between 20 February and 13 March in 274 municipalities throughout Brazil, and its purpose was to establish the preference of the voters over 18 years of age where the probable candidates for the presidency were concerned. Interviews were conducted with 5,000 individuals in both rural and urban areas, in due proportion to the Brazilian voting population in terms of region and income category.

If the election were held today, given a choice of one individual for each party, Orestes Quercia, with 16 percent, would rank next after Brizola's 18 percent, followed by Antonio Ermirio de Moraes (11 percent), Luis Inacio Lula da Silva (10 percent), Minister Aureliano Chaves and former governor Paulo Maluf (with 9 percent each). Null and blank votes would account for that same percentage, and undecided voters for another 17 percent.

The survey was then broadened to involve 16 possible candidates. Each individual was to say, with regard to each name: (1) whether he would certainly vote for him; (2) whether he might, but was not certain to, vote for him; (3) whether he probably would not vote for him; (4) whether he certainly would not vote for him; and (5) whether he felt he did not know the candidate well enough to make a decision.

According to Orjan Olsen, the director of public opinion and political studies for the IBOPE, who has a doctorate in political communications from Syracuse University, only a third of the voters gave definite answers to the questions. "As we still do not have clearly defined candidates, we listed those most frequently mentioned, without regard to party membership. The number of undecided voters is large, and some politicians are aided by what we term 'name recall.' In other words, we found that the most famous people led in the survey," Olsen said.

In an analysis of the most frequently mentioned names on the list of 16, Orestes Quercia can be seen to be the leader with the most favorable potential (35 percent). As he is unknown to 25 percent of those interviewed, he still has space for growth if he runs as a candidate. While Brizola ranked a little lower, with a favorable potential of 30 percent, he had a high percentage of rejection (52 percent), while only 18 percent did not know him.

Former minister Dilson Funaro and Aureliano were close together in their potential votes, rejection indices and in unfamiliarity to the people. Businessman Antonio Ermirio de Moraes is not known to 34 percent of those questioned, and his rejection index was the same as that of Quercia (40 percent). However, he has more room to expand in a possible campaign. Lula was tied with Ermirio as to favorable potential, but lost out where the rejection index is concerned, with 46 percent, as compared to Ermirio's 40 percent.

According to the poll, Gen Joao Figueiredo and Maluf would no longer have a chance. The fact that both men are rather well known to the voters—only 15 percent said they did not know them well enough to vote for them—strengthened the rejection index for the two—61 percent and 68 percent, respectively, would not vote for them. The president of the National Constituent Assembly, Ulysses Guimaraes, is tied with Figueiredo where the unpopularity index is concerned, with only 22 percent of the potential votes.

#### **Preference for PMDB**

In questioning only the individuals who said they knew each candidate, the IBOPE sought to establish which would receive the largest number of votes. The list then changed. Fernando Collor de Mello, for whom only 16 percent said they would certainly or possibly vote, and who was 11th on the list of the preferences of all those interviewed, rose to first place, with 47 percent, in a tie with Governor Orestes Quercia.

The high percentage of voters to whom Collor was unknown—66 percent—made him the candidate with the greatest capacity to win votes.

On this list, Antonio Ermirio de Moraes rose from fifth to third place, with 39 percent of the voters' preferences, leaving Brizola, who fell to fourth, behind.

Funaro and Aureliano, who previously ranked third and fourth, dropped to fifth and sixth, respectively. Maluf placed last, with an unfavorable potential of 80 percent. The survey further showed that the PMDB is the party which enjoys the greatest voter preference, with 35 percent of those interviewed stating that they are sympathetic with this group. The PT ranked second, with 12 percent, followed by the PDS with 9 percent, the PDT and PFL with 7 percent each, and the PTB with 4 percent, while 25 percent of those interviewed had no party preference.

Some interesting figures emerge from a more careful analysis of the survey. The votes for Lula were most concentrated in the three highest income categories—those involving more than five times the minimum wage (an average of 16 percent of the votes per category), with limited success in the low-income population group. Lula would have about 10 percent of the votes in the lower strata. The reverse was true for Aureliano Chaves. He had an average of 12 percent of the voting preferences in the population category earning less than five times the minimum wage, and only 10 percent in the higher categories. Antonio Ermirio de Moraes represents an eminently urban phenomenon, and voting preference for him was greatest in the high-income category (an average of 17 percent of the votes in the population categories earning more than five times the minimum wage).

According to Orjan Olsen, the social position of the potential candidates did not influence the voters' preference. "What counts the most when it comes to making a choice are personal characteristics, which at election time will be the determining factor, independent of political party affiliation." Olsen says that a candidate viewed as both having positive personal characteristics and revealing competence, determination, certainty and excellent performance during the campaign will have the best chance. But this will only be true if he succeeds in carrying the banner of renewal forward and personalizing the opposition to the present government. "No candidate has yet succeeded in doing this."

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#### Results of PMDB Municipal Conventions Analyzed

33420081b Sao Paulo *O ESTADO DE SAO PAULO*  
in Portuguese 29 Mar 88 p 7

[Text] Low attendance by the membership characterized the municipal conventions of the PMDB in such large cities as Sao Paulo, Rio de Janeiro, Salvador and Brasilia. In Sao Paulo, despite the indifference of the membership and the defeats in the cities of Campinas and Pedregulho, Governor Orestes Quercia, who already had control of a large number of the PMDB directorates in the interior, succeeded in expanding his control of those in the capital to 70 percent. In so doing, he stripped Senators Mario Covas and Fernando Henrique Cardoso and former governor Franco Montoro of their power, and won the right to choose the party candidate who will run for the post to be vacated by Prefect Janio Quadros.

Quercia's triumph benefits two individuals—his deputy governor, Almino Afonso, who has improved his position in the competition with Mario Covas for the gubernatorial candidacy, and Secretary of Public Works Joao Osvaldo Leiva, the candidate the governor will probably

sponsor for the post of prefect of Sao Paulo. The elections in Sao Paulo were further characterized by charges that the administrative machinery of the state has been improperly used.

In 18 Brazilian states, the groups controlled by the governors emerged victorious in the parties' municipal conventions, according to Secretary General Milton Reis (Minas Gerais). It was only in the states of Bahia, Rio Grande do Sul, Pernambuco, Mato Grosso and Alagoas that the opposition won.

#### State Machinery Ensured Victory

Of the some 110,000 PMDB members in the capital, only 20 percent participated on Sunday in electing the members of the 34 zonal directorates, and consequently, the 607 convention delegates who will choose the party candidate for the post of prefect. In the assessment of Deputy Waldemar Chubacci, who is treasurer of the regional directorate, the low attendance was the result of the legislation itself, which requires only a laughable quorum to validate the choice of the officers, and of the difficult stage through which Brazilian politics is passing, which has made many PMDB members apathetic.

According to another member of the directorate, discouragement affected mainly the party colleagues of Senators Fernando Henrique Cardoso and Mario Covas and former governor Franco Montoro. Uncertain about the future of their leaders, this PMDB official said, they did not persevere with dedication to secure a larger role in the party apparatus. As a result, various PMDB members have concluded, Governor Orestes Quercia, who controlled 50 to 55 percent of the party, has increased his hegemony to about 70 percent. The other 30 percent is divided among the other groups, with that headed by Mario Covas having the greatest strength.

According to these individuals, it is still too soon to assess the situation throughout the state, because the results of the elections for the municipal directorates have not yet reached the party headquarters. However, they believe that the figures reflecting Quercia's influence on the party are likely to remain the same. The senator himself said yesterday in Brasilia that no effort was expended on the election of the delegates, because he believes that they should be chosen by the real militants. In his opinion, the base levels must be free to organize and to choose those in whom they have confidence. "And this is not what has been happening. Therefore, I did not put forth any effort at the municipal convention of the PMDB," he stated.

The regional president of the party, Deputy Airton Sandoval, however, expressed his confidence that the PMDB has emerged from the municipal conventions strengthened. According to him, internal differences are normal in a democracy, and they can only be resolved on the basis of many talks and discussions. "We need to

learn to live with democracy and to prepare ourselves for the new times which will develop in the country after the new constitution is promulgated," he said.

In addition to the members of the directorates (municipal in the interior and zonal in the capital), the delegates who will elect the new regional directorate on 8 May were chosen at the conventions held yesterday. On 24 April, this electoral college, which includes 1,760 delegates from the interior and 607 from the capital, will hold a preliminary meeting. The names receiving the most votes will be placed on the slate for the regional directorate, and the delegates to the national convention, scheduled for 5 June, will be chosen.

#### Discouragement Affects Covas and Cardoso

Governor Orestes Quercia made took advantage of the administrative machinery to gain control of the municipal conventions held on Sunday, using buses, homeowners' bonuses and tickets for milk and the basic shopping basket. "I have never seen anything like this in the PMDB. I am dumbfounded," Jose Roberto Moreci, former president of the regional directorate in Barra Funda, which has been incorporated in the directorates of Santa Cecilia and Perdizes, said yesterday. "The scheme concocted by the Bandeirantes Palace and Secretary of Public Works Joao Leiva went much too far."

It was agreed that the level of voting was low yesterday, but when this dispute developed, attendance rose. The Quercia-Almino affiliation was not an open one, but it did in fact exist, according to Moreci. "It was hard to tell one from the other."

President Maria de Lurdes Silva, of the Tatuape directorate, resigned from the PMDB on the very day of the convention at which he himself presided. He explained his attitude. "What I saw was extreme. There were 92 vehicles with white administration plates, and 12 or 13 from the State Secretariat of Public Works alone. There were also Eletropaulo vehicles, and many, many government station wagons patrolling here in the eastern zone." Lurdes said that another reason for his resignation from the PMDB was that "Basic market baskets, and those passes the poor people get to purchase goods in the supermarkets at reduced prices, were generously distributed. And there were many milk tickets, which people will use this Saturday. There was even physical pressure. According to the Palace scheme, five or six individuals were assigned to mark down the voters for each directorate president, so that the voters would obey orders."

"It was a massacre," Eng Robert Murayama commented when he saw that his directorate—that in Santa Ifigenia—surrounded by 20 military policemen, at the request of Maria Aparecida Alegra, one of Almino Affonso's advisers. In addition, Murayama saw a vehicle

rented by the Secretariat of Science and Technology transporting voters. As a result, he will file a protest in the Third Electoral Zone charging restriction of the right to vote.

The chaos has reached such a point now, Maria de Lurdes Silva estimates, that 2,500 members subordinate to the Tatuape directorate alone will withdraw in the coming days. "The governor had already established the path to be pursued in the state. Now this has reached the municipal directorates. Those who remain in the party are accomplices."

The president of the Bela Vista directorate, Pedro Maranhao, has challenged the MR-8 slate which the party sought to adopt, claiming that "Sarney is the great leader, because he has a concept of social problems." What Maranhao found was that the membership was enlisted by the leftist party in exchange for milk tickets. "There were 350 names filed, less than the 10 percent required to sponsor a slate," Maranhao said.

#### Unexpected Defeats

Governor Orestes Quercia, who won in 70 percent of the state of Sao Paulo, suffered a double defeat this weekend where he least expected it. This was in his most traditional redoubts, Campinas and Pedregulho. In Campinas he was surprised by the successful maneuver of Deputy Manoel Moreira, who massacred the other candidate for nomination for the post of prefect, former secretary of planning Silvio Romero, at the Sunday convention. And in Pedregulho, the slate of the candidate for the prefectoral post, Octavio Quercia, his father, was defeated by a vote of 2,549 to 1,227.

Federal Deputy Manoel Moreira, a minister in the evangelical Assembly of God church, has made use of the influence of his religious colleagues in recent weeks to enroll more than 18,000 persons in the membership subordinate to the local directorate. He brought almost 6,000 to the convention, winning 5,537 votes as compared to the minimal 477 won by his adversary, whom Quercia supported. The result could be deadly for the PMDB. Moreira has only the support of his comrades in the faith—a contingent including no more than 50,000 individuals, and he does not have the sympathy of Prefect Jose Roberto Magalhaes Teixeira, a historic PMDB leader and a successful administrator who is now at the peak of his popularity. The prefect and 10 of the 14 PMDB aldermen have already talked about leaving the party to found a new one and launch the candidacy of Francisco Amaral, a federal deputy.

In Pedregulho, it was Prefect Dirceu Polo who was in command of the political swing within the party against Quercia and his father. "We have taught the maharajas a lesson," he has stated. Almost 4,000 members appeared at the convention, and the police had to impose strict security, with reinforcements from Franca and other cities in the region. The independent slate, sponsored by

PMDB members who are not aligned with Quercia, included a young alderman of 24, Antonio Cirilo de Andrade Goncalves, who is president of the city council and the party group itself. He won overwhelmingly, according to Dirceu Polo. "There were more than enough votes," he volunteered. "We elected 70 percent of the directorate members. I had told Orestes (Quercia) that the 82 percent he won in 1986 was thanks to our work, and that he would lose badly at the convention."

#### Fraud Charged in Federal District

Among the PMDB conventions held throughout the country over the weekend, those in Brasilia played an outstanding role. Of the 11 conventions scheduled in the Federal District, 7 were canceled or suspended and the rest were plagued by charges of fraud, vote-buying and flagrant abuse of economic power. Of the 30 delegates elected, 12 belong to the wing of the former Senate candidate Mucio Athaide, who distributed milk and bread at the Sunday conventions and, according to his opponents, spent 10 million cruzados.

In Ceilandia, the voting was suspended because of charges made by the delegate from Mucio that fraud had been committed. He was also responsible for the suspension of the convention in Taguatinga, the largest city-satellite of Brasilia. He invaded the area with his "shock troops," and the convention was suspended for lack of security.

In Plano Piloto, the convention was suspended on legal grounds. A group of convention participants charged that there were errors in the drafting of the competing slate. The regional directorate will now have 60 days to organize a new convention.

The convention in Pernambuco, on the contrary, was a success. As of Sunday, and for the first time in its history, the PMDB has directorates in all of the state's 167 municipalities. Without incident, the party elected the 2,629 delegates who will choose the candidates for the post of prefect, and the 364 members who will participate in the regional convention, for which the date has not yet been set. The reason is a police action—former President Amaro Fagundes da Silva has disappeared with the membership records.

Governor Moreira Franco was the great winner at the PMDB conventions in Rio. Now, with total party control, he has every likelihood of electing the future president this coming 8 May. The major defeats were suffered by Senator Nelson Carneiro, the current regional president of the PMDB, and the most influential of the former "chagistas," federal Deputy Jorge Leite.

The euphoria was so great when the convention ended that Deputy Gilberto Rodrigues, one of the leading participants in the plan drafted by Moreira, and president of the Legislative Assembly, commented: "If there is a crisis, it is only in national terms. Here the PMDB is continuing to grow. No one wants to leave; everyone wants to join."

In Curitiba, Deputy Mauricio Fruet is the virtually certain candidate for the prefecture. The slate he heads along with Prefect Roberto Requiao won more than 6,000 votes. There was no competing slate, and the convention turned festive.

A low level of member participation characterized the PMDB conventions in the 350 cities in Bahia. In Salvador, only 1,000 of the 50,000 members voted in the 11 capital zones. In Zone 3, there was not even a quorum. There will be a new convention in 15 days. Prefect Mario Kertesz was the great winner in the capital, gaining control of 50 percent of the convention delegates who will choose the prefectoral candidate. There was only one slate in the majority of cases, which led Constituent Assembly member Domingos Leonelli to describe the election as "just an event for the records." The PMDB also elected single slates in the majority of the municipalities in Para, confirming Minister Jader Barbalho's control of the party apparatus. There was seeming unity, masking increasing disagreement in such important municipalities as Santarem and Maraba. And in Paraiba, Senator Humberto Lucena was the great winner. In Joao Pessoa, the party candidate is likely to be his brother, Haroldo, despite the fact that Governor Tarcicio Burity prefers Deputy Antonio Mariz as the successor to the present prefect, Antonio Carneiro Arnaud.

#### Tumult and Opposition in the Interior

The municipal conventions of the PMDB in the interior of Sao Paulo held Sunday were characterized by low attendance, challenges and even an uproar. The convention in Santos was not even attended by the group opposing Prefect Oswaldo Justo, whose slate triumphed, even though he won the votes of just a few more than 3,000 of the 20,000 members. The prefects also won in Sao Vicente and in Guaruja.

The PMDB convention in Presidente Venceslau came close to ending in tragedy. Shouting, "Lynch him, lynch him," about 100 persons tried to catch the secretary of the party, Elly Roberto de Oliveira, who when it came to electing the officers of the directorate, ran out carrying the minutes and other documents. The police arrived and the elections were held. Although he won, the candidate sponsored by the prefect, Luis Geraldo de Oliveira Galvao, did not win the right to run for the party for the prefectoral post.

Although a convention was held in Botucatu, it is being reviewed by the courts. Prefectural candidate Francisco da Rocha submitted to the directorate a package of 3,600 membership certificates which had been challenged, and the elections were won by the single slate it sponsored.

In Limeira, 1,500 of the 5,000 members voted for the single slate headed by Deputy Jurandyr Paixao Filho and Prefect Campos Freire. In the municipality of Americana, the winner was alderman Luiz Antonio Miante. In Nova Odessa, businessman Dietrich Reibel was

reelected, while the son of the prefect, Jose de Nadai Filho, won in Sumare, as did lawyer Gilberto Colla in Santa Barbara d'Oeste. In Aracatuba, the group headed by Prefect Walter Titi filed charge of treason and a petition challenging the election.

5157

### Polls Show Vast Majority Favor 4-Year Sarney Mandate

#### IBOPE Results Cited

34420082a *O ESTADO DE SAO PAULO* in Portuguese  
3 Apr 88 p 6

[Text] Three-quarters of the population want President Jose Sarney to govern only 4 years. The country's leading opinion research institution, IBOPE [Brazilian Public Opinion and Statistics Institute], listened to 5,000 individuals of both sexes and from different social classes and localities, distributed among rural and urban areas, in 274 Brazilian municipalities, and 75 percent of those interviewed think that Sarney's term should end in March 1989.

Sarney's term has not yet been voted on in the Constituent Assembly. But the term of the next presidents of the Republic has already been decided in a plenary session: It will be 5 years, based on the presidential system.

However, the people also prefer 4 years for future presidents. The population expressed its views on the government system as well, choosing the parliamentary system, because it thinks that the power should be divided between the president of the Republic and the Congress. This, too, runs counter to the decision of the Constituent Assembly which, incidentally, had its work assessed in this IBOPE poll as "fair" (36 percent) and "very poor" (25 percent).

The question regarding Sarney's term was couched in the following terms: "Do you think that President Sarney's term should end in ...?", and the response was: "March 1989" (75 percent); "March 1990" (10 percent); "March 1991" (7 percent); or "don't know/no answer" (7 percent).

The greatest incidence of votes for 4 years for Sarney occurred among the highest class (82 percent) with income exceeding 10 minimum wages. "The higher the income, the greater the rejection," remarked Orjan Olsen, director of IBOPE's public opinion and political research.

Included among those who want 4 years for Sarney are the residents of the South (81 percent), as opposed to those from the North (66 percent). And in the group of those who don't know, or who have no opinion, most of them are concentrated in the Northeast (10 percent); a region where, as Olsen comments, there is less participation by the populace.

The population does not think that the 4-year term should be exclusively for Sarney, but rather for all future presidents of the Republic. The question was phrased thusly: "Do you prefer that the future presidents have a 4-, 5-, or 6-year term?" The choice for 4 years shot to the forefront: 67 percent opted for 4 years, 14 percent, for 5, and 9 percent, for 6 years.

From a regional standpoint, the largest concentration of those who uphold a 4-year term for future presidents is in the South (72 percent), in contrast to the smallest, namely, in the North (61 percent). The Northeast does not lag behind either (65 percent); which, according to Olsen, discloses an identification with President Jose Sarney, who is a northerner: "Sarney is the first northern president that Brazil has had. Among the poorer classes, the authority figure is very strong, and Sarney represents that authority exactly."

#### Majority Consider Constituent Congress 'Fair'

The work done by the senators and deputies in the Constituent Assembly is "fair" (36 percent) or "very poor" (25 percent). Few preferred to call it "good" (13 percent), or "disastrous" (12 percent). These were the responses from the 5,000 persons queried by IBOPE itself, in urban and rural areas. Among those who regarded the work as "optimal," only 3 percent of those interviewed hold that view; while 11 percent don't know or have no opinion.

As a result of this type of position, perhaps to show that the decisions of the congress members don't always represent the thinking of their electorates, the answer to another question ("how would you rate your interest in politics?"), was, among the majority, "no interest" (40 percent). Ranking second was "little interest" (25 percent); followed by "moderate interest" (22 percent); and, finally, "great interest" (11 percent).

The degree of interest in politics is directly related to the extent of education among the individuals queried. The greater the schooling among the persons, the more interest they expressed in politics. Among the less privileged social classes, the interest was cited as being from moderate to slight.

Theoretically, the poor should have more critical commitments, precisely because they have suffered more, since they have fewer infrastructural conditions for surviving. But that is not the case.

When the IBOPE researchers went out into the field, they did not go with questionnaires, attempting to discover whether the people would opt for a presidential or parliamentary system. This is because, if the question were posed in that way, the responses might possibly have been misleading; since the population has almost no information on what the government system is. So, IBOPE phrased the question in this way: "Considering the power of the Presidency of the Republic and of the

National Congress, in making decisions to solve the national problems, would you say that...." And the majority chose the "division of power."

According to 40 percent of those interviewed, the presidency and the Congress should have the same decision-making power. Ranking second: "the presidency of the Republic should have more power," with 35 percent; followed by "the senators and deputies should have more power (9 percent); and also, "don't know, or no opinion" (16 percent). Unlike the population's preference, the Constituent Assembly voted for the presidential system.

**DATA FOLHA Figures Announced**  
33420082a *FOLHA DE SAO PAULO* in Portuguese  
27 Mar 88 pp A-1, A-5

[Text] The majority (69 percent) of the population in the country's nine leading capitals want a 4-year term for President Jose Sarney, with the holding of direct elections in November of this year. But, in the opinion of 50 percent of those queried, the elections will not take place until 1989, in view of the decision of the Constituent Assembly made last Tuesday, to approve the maintenance of the presidential system and a 5-year term for future presidents of the Republic.

These results are recorded in a poll taken by DATA FOLHA on 24 and 25 March (hence, 2 days after that Constituent Assembly decision), among 4,843 persons in Sao Paulo, Rio de Janeiro, Belo Horizonte (Minas Gerais), Curitiba (Parana), Porto Alegre (Rio Grande do Sul), Salvador (Bahia), Recife (Pernambuco), Fortaleza (Ceara) and Brasilia.

In comparison with the poll taken in January, the rate in favor of 4 years declined from 75 to 69 percent. Only 23 percent of those interviewed opted for the 5-year term for Sarney. Porto Alegre is the capital in which the rate of support for the 4 years is most prominent (83 percent), followed by Salvador (76 percent). The lowest rates are in Belo Horizonte (60 percent) and Curitiba (69 percent). In Sao Paulo, 71 percent of those interviewed expressed approval of the 4-year term, as opposed to 22 percent who prefer 5 years.

Those queried in Fortaleza and Brasilia are the most pessimistic about the holding of elections this year (31 and 32 percent, respectively). In Porto Alegre, on the other hand, the majority (41 percent) take the holding of "1988-direct" elections for granted; followed by Recife (38 percent), Rio (37 percent), and Sao Paulo (36 percent).

**Majority of Population Wants 4 Years for Sarney**

The majority of the population of the country's nine leading capitals (69 percent) wants a 4-year term for President Jose Sarney, with direct elections this year. But half (50 percent) think that the presidential elections will not take place until next year.

The information is from the poll taken by DATA FOLHA among 4,843 persons on 24 and 25 March. The questioning took place after the Constituent Assembly had approved the presidential system and the 5-year term for future presidents.

Only 23 percent of those interviewed preferred a 5-year term for President Sarney. In comparison with the poll taken in January, the rate in favor of 4 years dropped from 75 to 69 percent, having reached 80 percent 4 months ago.

**Expectations**

Only 36 percent of those interviewed believe that presidential elections will be held this year.

Porto Alegre currently has the highest rate of favorable expectations for the holding of elections in 1988; followed by Recife (38 percent), Rio (37 percent), And Sao Paulo (36 percent). The populations of Fortaleza (31 percent) and Brasilia (32 percent) are the most pessimistic.

Of the total, 4 percent claimed spontaneously that they do not believe there will be presidential elections during this or next year.

**Term**

Porto Alegre is also the capital in which the rate of support for the 4 years is most in evidence (83 percent), followed by Salvador (76 percent). The lower rates are in Belo Horizonte and Curitiba (69 percent).

The rate favoring 5 years (23 percent) rose in comparison with the polls taken in January (22 percent) and November of last year (16 percent).

In Sao Paulo, 71 percent of those interviewed came out in favor of a 4-year term for President Sarney, as opposed to 22 percent who prefer 5 years.

**Methodology**

The population of each city was stratified by geographical zone, socioeconomic level of the region, sex, and age. The totals were weighted based on the weight carried by each population.

The capitals queried were the following: Sao Paulo, Rio de Janeiro, Belo Horizonte (Minas Gerais), Curitiba (Parana), Porto Alegre (Rio Grande do Sul), Salvador (Bahia), Recife (Pernambuco), Fortaleza (Ceara), and Brasilia.

**DATA FOLHA**

The survey was conducted by DATA FOLHA, under the direction of sociologist Antonio Manuel Teixeira Mendes, with sociologist Gustavo Venturi as an aide in planning and analysis.

The coordination of the field work was done by Paulo Taieu Petraglia (Sao Paulo), Claudio Azevedo Andrade (Rio de Janeiro), Iva de Azevedo Nobre Bernal (Salvador), Mauricio Gugelmin (Curitiba), Ana Rita Castro Trajano (Belo Horizonte), Beatriz Rodrigues Alves (Porto Alegre), Laurade Renor (Recife), Francilaine Munoz de Moraes (Brasilia), and Paulo Sergio Souto Mota (Fortaleza).

The preparation of topics and interpretation of results were the responsibility of the editorial staff.

2909

#### **PETROBRAS President Discusses Project Allocations for 1988**

*33420079b Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Mar 88 p 31*

[Text] This year, PETROBRAS will employ its resources in those petroleum production areas that are capable of becoming active the most rapidly, and the company will not go deeper than 1,000 meters in its underwater explorations for oil. These announcements were made yesterday by Ozires Silva, president of PETROBRAS, in an exclusive interview with O ESTADO.

Despite being limited to \$2.2 billion, compared with the \$2.8 billion requested from the Special Agency for Government Enterprises, SEST, PETROBRAS investments, according to its president can be considered as being at an "excellent" level, inasmuch as they correspond to 15 percent of expected billings. Usually, companies of similar size invest only 6 percent.

Silva does not agree with some members of the PETROBRAS technical staff who have expressed concern that the reduction in investments will adversely affect vital company programs. In his view, their opinion is based on unrealistic expectations as to investment level that reflect aspirations of some departments of PETROBRAS that greatly exceed present financial capabilities. To prevent this situation from repeating itself each year, the PETROBRAS president has ordered the drafting of a multi-year investment plan that would define the real needs of the company in its different spheres of action during the next 5 years. By using a medium-range forecast, those responsible for allocating the funds to be invested will be able to work on a more concrete basis.

#### **Loan**

According to the PETROBRAS executive, it is completely out of the question to think of asking private investors to subscribe an increase in capital as a way of reinforcing the company's capitalization. One of the obstacles in the path of such solution is that PETROBRAS would only be able to sell shares at their equity value, which is currently much higher than the price at which company paper is being quoted on the stock exchanges. Thus any subscription would be doomed to

immediate failure. Even if that were not the case, PETROBRAS cannot run the risk of putting too much pressure on the stock market and jeopardizing the flow of funds into the shares of private companies.

Since the investment of \$2.2 billion was approved as being in line with the true dimensions of the various company programs, PETROBRAS executives decided not to divert any of the portion earmarked for investments to pay off its foreign debt.

12830

#### **PETROBRAS President Justifies Risk Contracts**

##### **Justification Explained**

*33420073c Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Feb 88 p 31*

[Text] Belo Horizonte—The president of PETROBRAS, Ozires Silva, explained here yesterday that risk contracts for oil prospecting should be governed by ordinary law and not the Constituent Assembly. "But since risk contracts are scheduled to be considered by the Constituent Assembly, what I must say is that it would not be desirable to reject them. This would not be the most intelligent solution. If this is done, obviously, we will have to live with it."

The risk contract, according to Ozires Silva, is a working tool, since the rather severe norms favoring Brazil have resulted in investments of only \$1.6 billion to date, in 12 years, with 250 contracts signed. This equals the investment put into PETROBRAS in only 6 months. Ozires, who will give an address on this subject to the national congress on the 2d, said that there is "much disinformation in this country concerning risk contracts. And we are going to explain to the members of parliament and to society what this mechanism, which is used in producer countries in both the capitalist and the socialist blocs, involves."

What was sought by Minister of Mines and Energy Aureliano Chaves, the president of PETROBRAS said, was suspension of the negotiations with Texaco concerning risk contracts for the island of Marajo until the Constituent Assembly could make a decision.

He emphasized that the contracts already signed with Texaco, also pertaining to the island of Marajo, are the subject of continuing negotiations with PETROBRAS, because bilateral obligations already assumed are involved.

He said that Texaco is seeking a partner for the prospecting on Marajo, because there are indications that the reserves there are very substantial. PETROBRAS agrees on this point and is discussing the matter with the enterprise.

He said that the partner may be domestic or foreign, provided that the national capital comes to a minimum of 51 percent in the prospecting stage, but nothing definite has as yet been determined.

He further said that of all the risk contracts signed, only 72, including four or five domestic groups, are presently in effect.

To date, only three contracts have yielded evidence of gas and oil reserves. These include, apart from Texaco, the contract with Pecten, a subsidiary of Shell, on the Sao Paulo coast, and the contract with Azevedo Travassos, in Rio Grande do Norte. Ozires Silva noted that PETROBRAS also has risk contracts for prospecting in Ecuador, Colombia, the North Sea, the Gulf of Mexico and Angola. The field in this last country is now in production.

Ozires Silva also spoke of the deficit in the alcohol account, stating that at the next meeting of the National Energy Commission, he will propose raising the parity level for the price of alcohol in relation to the price of gasoline from 65 to 70 percent.

#### Fuel Market Distortion

33420073c Sao Paulo *O ESTADO DE SAO PAULO*  
in Portuguese 4 Mar 88 p 26

[Text] The president of PETROBRAS, Ozires Silva, believes that it is more serious to have to buy diesel oil abroad to cover a growing domestic market deficit than it is to import oil. The imbalance in the demand for fuels has frequently forced the country into a bad business, that is, selling gasoline at an ever lower price while importing diesel oil, which is becoming less plentiful and more costly. The solution to this problem of market distortion is not easy to find, he believes, because any change in the price structure for oil byproducts has a major impact on inflation.

This statement was made by Ozires Silva at the headquarters of the Large Structure Civil Construction Industry Trade Union in the state of Sao Paulo (SINDUSCON). At the same time, he voiced harsh criticism of the price policy maintained for alcohol, which is causing PETROBRAS a loss of 2.34 cruzados on every liter marketed in the country.

The gasoline produced by PETROBRAS at 13 cruzados per liter is subsidizing liquified petroleum gas (GLP), to the extent of 16 cruzados of its final price; the standardization of fuel prices, with 9 cruzados; and further, with a figure equivalent to its production cost, the National Development Plan, through the compulsory loan. Ozires Silva said that he favors the speedy elimination of the compulsory loan, because the resources now being channeled to the FND could be used to correct these disparities.

The president of PETROBRAS is convinced that the world reserves of oil are sufficient to meet demand for at least 150 more years. The low price of extracting and refining it makes its derivatives strongly competitive with alcohol, since the low productivity achieved by the distilleries is making its cost unacceptable. If the demands of the alcohol producers were met and its price were raised by 18 percent, the final price of the product would then come to \$50 per barrel, and it would then cost double what gasoline (\$23 per barrel) does, he said.

A well drilled by PETROBRAS in the Campos Basin, to the south of the Marlin field, produced indications that the country may well see its oil reserves tripled. The fact that these reserves are to be found at a depth of 1,000 meters will not raise the production cost much above the \$4.50 per barrel currently being spent. This figure cannot be compared with the costs achieved in the Middle East, but it is much lower than the figure for the North Sea, at \$6 per barrel.

In view of the prospect of greater domestic oil production, Ozires Silva believes that the consumption of gasoline and alcohol should be better distributed.

#### Members of Parliament Obdurate

33420073c Sao Paulo *O ESTADO DE SAO PAULO*  
in Portuguese 4 Mar 88 p 26

[Editorial: "It Is Forbidden To Find Oil"]

[Text] The president of PETROBRAS, Ozires Silva, made a convincing statement to the Nationalist Front members of parliament, using figures and facts—mainly undeniable facts—to prove that it serves the interests of Brazil to sign an agreement with Texaco for oil and gas prospecting on Marajo. Even further, he proved that risk contracts only benefit Brazil, and that to prohibit them now would be counterproductive. Unfortunately, the statement made by Ozires Silva served little purpose.

With Wagner Freire assisting him, he was unable to convince the members of parliament, who had already established their position. They are opposed to risk contracts and to foreign capital, and if they could, they would isolate Brazil from the world. To the extent that at the conclusion of his statement, the president of PETROBRAS was informed that the presiding officer already had in his hands a document signed by the members of parliament present there, as well as others, vetoing such contracts. In other words, they had already adopted a firm position before they ever heard the statement by the president of PETROBRAS, who spent 6 hours attempting (to no avail) to enlighten them.

However, Ozires Silva's statement did serve the nation. It proved incontrovertibly that risk contracts only benefit and will continue to benefit Brazil. There is one principal reason for this: PETROBRAS uses these contracts for the highest risk areas, where on the basis of a

priority scale related to the availability of resources, which are always limited, it does not intend to or cannot invest in the short or medium time range. Let those who want to invest do so.

Up until the present, there have been 243 risk contracts signed, of which 42 are now in effect, and the total investments have amounted to \$1.6 billion. Of these contracts, some have yielded positive results, such as that with Pecten, in Santos; that with Azevedo Travassos, in Rio Grande do Norte; another with Pecten, in Bahia; and that with BP, in Sergipe. The most promising at the present time is that with Texaco which pertains to the Marajo field.

Here, once again, the president of PETROBRAS proved the desirability of an association between Brazil and foreign enterprises. PETROBRAS did not explore that area because it regarded it as high in risk. Texaco decided to take that risk, found extremely attractive indications that there are oil and gas there, and it has every right, by contract, to share that risk with another enterprise. As the risk is much less today, it is of interest to Brazil to assume it, excluding some other foreign enterprise which might, on contract, associate itself with Texaco to exploit the area.

All of this was made very clear. Our national sovereignty is not threatened, and PETROBRAS has risk contracts in Ecuador, Colombia, Angola, the United States and Norway, and also did have in China. With the exception of Venezuela and Mexico, practically every country in the world is open to this type of contract. To prohibit them in Brazil shows bad faith, at the very least, or an infantile nationalist mentality.

But the Nationalist Front members of parliament will do everything to exclude them, reducing investments in Brazil and increasing the risk of losses for PETROBRAS, and they will try to prevent the country from honoring the international agreement with Texaco. They will bear the blame for an unforgivable deed. Gas and oil are about to be found. This is an unpardonable sin. It should be prohibited in Brazil! It is sad that throughout these episodes, Minister Aureliano Chaves has been standing by undecided, and is now publicly inclining toward the irrational view of the members of parliament. The deputies, after all, want votes. But what, then, is the minister's excuse?

5157

**Crisis in Military Police Following Strike Analyzed**  
33420073b Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 28 Feb 88 p 30

[Article by Renato Lombardi]

[Text] A Military Police (PM) strike, disaffection in the barracks, a breakdown of discipline, and soldiers and noncoms disobeying officers—what is happening in the

Military Police? Not even the men in command know the answer. Last week, after a number of meetings, the PM commanders decided to study the conduct of a group of officers and to effect a reorganization of the recruiting process. The majority of the military personnel involved in the demonstrations had been in service for a short time.

Everyone in the PM was surprised by the strike and the attitudes of the soldiers, corporals and some sergeants, who abandoned their vehicles, damaged the mechanisms and used the radios in their vehicles to insult the personnel in the Operations Center. The situation merits serious and profound analysis, a lieutenant colonel who was impressed by what he saw and by the way in which the strikers behaved, said yesterday. "These people do not seem like military police, but rather like students parading in a subversive era."

The commander of the Military Police, Col Wilson Correia Leite, is displeased by what happened. "I do not know what has happened to our men. They are a part of a body which is 150 years old and has previously had serious wage problems, but never have there been rowdy gangs in the streets. This will mark the body from now on. These men failed to respect the uniform, and for this reason, they were excluded." The reason for the rebellion of the soldiers and noncoms was low wages. The commander spoke about this problem.

"The soldiers and the noncommissioned officers gained little by what they did and the risks they took, but this is no small thing if we analyze the situation of our state and what other public employees are paid. There is just one fund for the payment of government employees and it is never possible to meet the requirements of everyone. Soldiers were to be paid at an initial level of 24,000 cruzados. This is not much, but it is no reason for a rebellion of this type."

The revolt of the Military Police also had to do with the disparity between what is paid commissioned officers and what is paid noncommissioned officers and soldiers. Private Walfrido Araujo dos Santos, who is president of the Corporals' and Privates' Social Center, stated that for some time this group has been waging a battle to improve the financial situation of the privates and corporals, because at present they are living in slums and having serious problems in supporting their families. "We are not against what a colonel earns," Walfrido explained, "but we would like the government to improve its treatment of the corporals and privates. We are not sorry that a colonel earns a great deal. We are sorry about our own situation. We earn very little."

The situation is still serious in the battalions, detachments and companies. The corporals and privates are always accompanied by a sergeant or a student in the sergeants' training school when on patrol in their vehicles. The concern of the commanders of the Military Police is that the so-called "Operation Sea Turtle"

planned by dissatisfied groups in the various military police units will be carried out. On Friday, two soldiers on patrol in the center of the city explained what is happening. "We have been threatened with the fate of those dismissed in recent days if we continue, and we are being watched. The officers in the battalions in the central area are being replaced, and vehicle service is very slow. If they think that they can frighten all of us with dismissal, they are mistaken. Today the wages in any other activity are much better than in the Military Police. The number of resignations is high, and they are doing everything to keep people on, except, obviously, paying decent wages."

Secretary of Security Luiz Antonio Fleury Filho believes that order has been "reestablished," and the Military Police investigations ordered will study all that happened, including whether there were prior preparations for the movement. Fleury also wants the conduct of the officers who did nothing about the attitudes of the corporals and the soldiers investigated.

The government wants to give privates 24,000 cruzados at the beginning of their service, and 30,000, after 2 years service, to those who have good conduct and work records. This study, which would affect the PM 1 and PM 2 classifications, has been under analysis for some time, according to the secretary of security, but it will have to be discussed with the leadership of the PMDB and the PFL. During this first half of the year, funds are to be released for the purchase of uniforms and weapons for the Military Police, and the government plans to establish a credit line for the purchase of homes by privates, corporals and sergeants. The secretary wants to change the communications system. "What we cannot do is to remain passive, in view of the interference. During the demonstration, everyone was talking on the radio, engaging in agitation and provocation, and we even had a pirate radio station operating on the COPOM band in the capital and in Guarulhos."

5157

#### **MDU President on Organization, Membership, Positions**

81422671 Rio de Janeiro *O GLOBO* in Portuguese  
14 Feb 88 p 2

[Interview with Eduardo da Rocha Azevedo by Jose Fernando Leficadito; date not given]

[Text] The leader of the recently born and already strong Urban Democratic Movement (MDU), who hopes soon to wield the same fire power in the cities that the Rural Democratic Union (UDR) enjoys in the countryside, is now an emerging political personality on the national scene. Bothered by the fact that he cannot lay claim to any political office, but rehearsing for a long-running performance in conjunction with Ronaldo Caiado, the president of the UDR, to mobilize the middle class, Eduardo da Rocha Azevedo, who is the president of the

MDU and also presides over the Sao Paulo Stock Exchange (Bovespa), hopes to attract 200,000 followers into the organization by the end of 1988.

A ferocious critic of the government, Rocha Azevedo dreams of direct elections, maybe even this year, to choose President Sarney's successor. He hopes to mobilize the MDU for a campaign parallel to that of the UDR, which, as he has said, has a similar program, but not the same as the one that his movement has. A defender of free initiative and non-interference by the State in the economy, he thinks that Brazil has to establish itself as a country of modern capitalism through the privatization of public companies.

For Rocha Azevedo, there is a deliberate tendency for the work of the Constituent Assembly to drag on so that President Sarney's term of office will run into 1989. Even if this should occur, the MDU will show its strength in the municipal elections, when it plans to form a majority in tune with its principles. The president of the MDU spoke to *O GLOBO* at the headquarters of Bovespa.

[Question] Lately, you have been assuming a political position identified with the right. How do you see its projection within the Brazilian political scene?

[Answer] In the first place, the way I analyze it, neither the Right nor the Left exists in Brazil, much less a Center. I think that the Brazilian Center today is the center of indecision. We have come out of a military regime and we are moving into a democratic one. There is no way to identify who is on the Right or on the Left in Brazil, especially if the Right is confused with the military Right.

[Question] Do you think that there is a separation that distances you from the military Right?

[Answer] The military Right is dead. During the period of the military regime, I did not have the slightest prominence in Brazilian politics. I think that the defense of the principles of the movement over which I preside is that of the capitalist system, the only system in the world that works. But it should be a modern capitalism, like the English or the American one, not this wild capitalism that exists in Brazil.

[Question] What is the MDU's main platform?

[Answer] I threw myself into this job because I think that Brazil needs movements like this one, because we do not have political parties that are identified with ideologies. We are living through a very large organic transformation and we need movements that will offer the change that we believe to be both modern and necessary for Brazil's development. MDU's platform is as follows: a less wild capitalism, under which Brazilian citizens will

have the opportunity to grow up and live in a modern country. In synthesis, what I am trying to show is that, if there is not a large mobilization, we will not achieve this.

[Question] Is this mobilization the same as the one to which the UDR aspires?

[Answer] This movement already existed before Ronaldo Caiado appeared, before I talked with him. I have a lot of respect for Ronaldo Caiado's leadership. I think that the president of the UDR is intelligent and I disagree with those who label him as a fascist.

[Question] Do the two organizations share a common final objective?

[Answer] Any movement that defends free initiative and greater participation of the Brazilian people has our support. This is our identification with the UDR.

[Question] How is the MDU organized in the country?

[Answer] We have nuclei in three states: Sao Paulo, Minas Gerais and Parana. We intend to open one in Rio de Janeiro during the first 3 weeks of March. People are receptive, because the movements' principles involve a greater participation by society. We are working to mobilize the people to vote in general elections by applying pressure.

[Question] That is also the platform of the PT [Workers Party].

[Answer] What we are proposing is competitiveness. If the movements have different ideologies, then we will all ask for general elections, and then compete to see who wins. The PT thinks that we are an evil for society. I have a lot of respect for the PT, because it is the only Brazilian party that has a line of action. But if the PT thinks that we are the bad guys and they are the good guys, then I want to compete.

[Question] How many members does the MDU have now?

[Answer] The movement has 15,000 members after 1 and 1/2 months of firm action.

[Question] Who affiliates with the movement?

[Answer] We have the most varied people in the MDU. The majority is made up of liberal professionals, who represent the middle class. It is the middle class that is being completely crushed by the federal government, by the amount of taxes that it pays and by the lack of objectivity. We have liberal professionals, we have entrepreneurs.

[Question] You are one of the defenders of direct elections for the presidency of the Republic this year. What is the ideal name of the person to replace President Sarney?

[Answer] I have no idea, first because I do not know who is a candidate. But I think that in Brazil we need capitalism with the participation of the workers, with the distribution of property, whether State or private enterprise. It would not be a model of the olive-green right. In my opinion, among the possible candidates, the man who would be a popular president today without being a populist is the governor of the state of Parana, Alvaro Dias.

[Question] What do you think of the government's economic policy?

[Answer] I think that it has gotten much better, because we now have a minister who does not invent, who does things, and who is not a theoretician. Another minister was responsible for this mess the Brazilian economy is now in. Within this task that Minister Mailson da Nobrega is taking of "beans and rice," I think that things may improve in the short run. But in the long run, with an inflation rate of 18 percent forecast for this month and 20 percent for March, things will remain bad for the Brazilian people and the national economy. A government without credibility is not going to change this. In order to bring about a change in this picture, society would have to make an enormous effort. For this to happen, the leaders would need a lot of credibility in order to be able to propose the change. It is not possible to stop an inflationary cycle without causing anyone any hardship. Brazil's productive system is all broken. We do not have an agricultural policy or an industrial policy. Only a government that the people believe in can create them.

[Question] How do you analyze the work of the Constituent Assembly?

[Answer] The Constituent Assembly has to finish. What I now see, and what is worrying me, is that there is an interest in prolonging the finishing of its work. I find it incredible that, on a day when a vote is being taken, and with the whole country waiting to hear the results, 217 federal deputies can be absent from Congress. This is what society must oppose. We can no longer accept a country where deputies, who are the people's representatives, do not appear at the session, and even worse, do not show up to vote in the Constituent Assembly. It seems that because of the 5-year mandate for President Sarney, finishing the work will be postponed. Because, if we do not have this Constituent Assembly over and done with by June or July, there will be no elections this year.

[Question] And what about the role of the Big Center super-party group?

[Answer] The Big Center has performed in a moderate fashion. If we did not have the Big Center, we would have a radical constitution because of the Systematization Committee. Radical proposals would win. I think that the Big Center has a more moderate aspect, but I am afraid that it will split over the question of President Sarney's mandate.

[Question] Do you think that merging the UDR, the MDU, and the Big Center itself, to form a new political party, is viable?

[Answer] We will not identify ourselves with political parties until after the general elections. The MDU has to stick with candidates that will defend its principles, from city councilman to president of the Republic. However, if the movements become political parties within the present party structure, they will receive the same credibility that the parties have, that is, none at all.

[Question] You are a ferocious critic of the current government. How do you view President Sarney's performance in office?

[Answer] He has already done what he should have done. The Sarney government was a transitional government. The PMDB [Brazilian Democratic Movement Party] has been as much to blame as he, if not more, but everything is on President Sarney's shoulders. It is a weak, shattered government. In order for things not to get any worse, I think that there has to be a change of government as soon as possible.

[Question] The leaders of the PT have stated that they will not get up on the same platform with the UDR and the MDU, even if it is to defend direct elections. What do you think of that?

[Answer] That is democracy. They only get up on the platform to defend their ideas. Fine, let them stay on their platform and get off ours.

[Question] Are you working on your possible candidacy?

[Answer] No, I have no political ambitions. I do not aspire to be a candidate. What I want to be able to do is to exert influence, to support candidates who will defend moral principles, free initiative, participatory capitalism, and everything else.

[Question] What do you make of the candidacies of Leonel Brizola and of Lula?

[Answer] They are not my candidates. I would not vote for either one of them. But I think that in the democratic process, any candidate is valid. I think that if the people want to elect Mr Brizola or Lula, that is Brazilian society's problem. I will fight against it.

[Question] How many members does the MDU want to have?

[Answer] By the end of the year, I believe that the MDU will have more than 200,000 members. With this strength, I plan to be ready to support candidates for city council in the municipal elections.

[Question] Do you think that the MDU can be compared to the UDR in financial power?

[Answer] It could be even greater, depending on the success of the movement. At present, there is no financing from the large multinational corporations—only from the people who make up this movement.

[Box]

**Building the Organization in the Country: The Entrepreneur's New Challenge**

At the age of 38, married, and the father of three children, Eduardo da Rocha Azevedo is the image of the successful young businessman. President of the powerful Sao Paulo Stock Exchange (Bovespa) for the second time, he is also a member of the Distributors' Convention and the Brokerage Firm Convention, companies that, over the last 15 years, have provided him with a net worth estimated at nearly 200 million cruzados.

Owner of the Santa Camila Stud Farm in Valinhos, 88 km from the capital city of Sao Paulo, where he raises 30 English thoroughbred horses, Rocha Azevedo has been exchanging this hobby lately for reading biographical works on famous politicians. An admirer of Carlos Lacerda, Adhemar de Barros, and Janio Quadros, he stresses that he does not identify with any of them, but he confesses that he is fascinated with the charisma of the two politicians with Sao Paulo connections, and with Lacerda's oratory.

In 1982, he was elected to his first term of office as administrator when he was just 32 years old, thus becoming the youngest president ever of the Sao Paulo Stock Exchange. "That was when I began to have more contact with politicians and to become more interested in politics," said the MDU president.

Before becoming president of Bovespa, Rocha Azevedo rose rapidly through the ranks as a stockbroker until he became the owner of his own company.

"I began working in this sector when I was 16 years old. If people consider me to be a rich man today, it is all due to a lot of hard work," he stated.

Certain of the fact that he will overcome "the great challenge" of building the MDU in the country, Rocha Azevedo sees no financial difficulties to achieving his objective.

9895

**USI Complains of Treatment From Other Union Leaders**

33420082b Sao Paulo *O ESTADO DE SAO PAULO*  
in Portuguese 5 Apr 88 p 36

[Excerpt] The president of the Independent Trade Union (USI), Antonio Pereira Magaldi, is dissatisfied with the treatment being given to the labor federation that he heads in recent reports by newspapers, radio stations,

magazines, and television. He maintains that USI is always cited as an ally of the Sole Central Organization of Workers (CUT) and of the General Federation of Workers (CGT), in coordinating a general strike in defense of URP [Popular Revolutionary Union].

Although he asserts that USI will participate in the strike if the government really puts an end to URP, Magaldi claims not to have been informed, by telex or telephone, by the other union leaders whether he should agree to join the movement. Annoyed, he remarks: "When they (Jair Meneguelli, from CUT, and Joaquinza, from CGT) want to show the government that all the workers are united, they always mention USI as their ally. But when it is time to divide the laurels of victory, USI is left out."

According to Magaldi, USI has "fire power," because it represents 10 million workers affiliated with 587 unions in the commerce and services sector. He claims that he could call upon this force for a strike, but never to defend political issues, such as a 4-year term for the president of the Republic, or to oppose payment of the foreign debt. As a citizen, he upholds 5 years, and thinks that whoever owes, must pay. Every time he has the opportunity, Magaldi declares that trade union politics has nothing to do with partisan politics. "CUT belongs to PT [Workers Party], and CGT, to PMDB [Brazilian Democratic Union Party]; but USI belongs to USI."

#### Collection

Now, USI wants to know what use is being made of the social security money promised to the municipalities to improve the medical care conditions for the population. Last year, an agreement was signed between the federal government and the states, which were charged with turning over 30 percent of the social security funds to the municipalities. USI has suspicions that this money might be used to "engage in politics." And to prevent this from happening, the federation's board of directors has already visited the municipalities of Fernandopolis, Jales and Votuporanga, in Sao Paulo, to find out where the funds are being applied. Magaldi remarks: "We saw nothing specifically." He criticizes the method for distributing the funds which, according to the trade unionist, went directly from the state into the mayor's hands, without going through the municipal chamber. USI suggests the creation of a council based on parity, in each town, with representatives from the mayor's office, the workers, and business owners, to oversee the application of the money.

With regard to the social issues approved by the Constituent Congress, Magaldi is only concerned about the 120-day maternity leave, which could cause discrimination against women in business firms. The 44-hour week also pleased USI, because it is one of its long-standing demands. It is only opposed to reducing the work week to 40 hours, which is for countries "with a stabilized economy." Just like other

trade unionists, Magaldi thinks that the overnight termination of the union tax could entail the end of 80 percent of the country's trade unions. He upholds a period of from 3 to 5 years, to end the tax gradually.

2909

#### CFP Anticipates New Record in 1987-1988 Harvest

33420079d Rio de Janeiro *O GLOBO* in Portuguese  
25 Mar 88 p 21

[Text] The 1987-88 grain harvest should reach 67 million tons. This information from the Production Financing Company, CFP, was released yesterday by the Ministry of Agriculture. If the forecast proves to be accurate—it was made on the basis of technical surveys of the planted areas—this year's harvest will be 3 percent larger than last year's, which totalled a record 64.9 million tons of grains.

According to Edson Lemos, chief of the Harvests Division of CFP, Brazil will harvest 11.1 million tons of rice, 6 percent more than last year, and 2.8 million tons of dry beans, or 27 percent more than was produced during the last crop year. Meanwhile, corn production will drop this year because so many farmers opted to plant soybeans, production of which is being estimated at 19.3 million tons, 13 percent above the last harvest. According to CFP estimates, the corn crop will be 24.9 million tons, as against 26.7 million last year, which means a decline of 7 percent. Cotton production, increasing 23 percent, should yield a harvest of 1.4 million tons.

Wheat production was estimated on the basis of last year's harvest, since it is one of the winter crops—i.e., planting will not begin until May or June in the South. The forecast is 6.1 million tons. The barley crop should be 184,000 tons; rye, 5,200 tons; oats, 157,000 tons. Sorghum output is likely to decline by 23 percent.

12830

#### Study Shows Decline in Quality of Life in Sao Paulo

##### Housewives Polled

33420073a Sao Paulo *O ESTADO DE SAO PAULO* in Portuguese  
1 Mar 88 p 12

[Text] The Sao Paulo citizen ate very badly in 1987, felt less safe in the streets, had to cope with unemployment, had less money in his pocket and became disillusioned with the politicians. The fact that the quality of life has deteriorated in this capital city was established in a survey of 500 housewives carried out by Research International Brazil.

Women in categories A, B and C responded to questions about the day-to-day life of their families, revealing that mass transportation service was worse last year. Medical

care, the battle against drugs, control of infectious and contagious diseases and education left much to be desired, they said. But of all the items dealt with in the survey, it was politicians' conduct which caused the greatest popular dissatisfaction.

From the president of the Republic down to the aldermen in the Sao Paulo Municipal Chamber, no one escaped the housewives' criticism. Lack of confidence in the men occupying legislative and executive posts, and also the lack of any hope that the problems can be resolved politically, were revealed by the answers of the majority of those interviewed.

To judge from the poll, police service also deteriorated. The people felt less safe in 1987, a year in which the homicides in Greater Sao Paulo were up 14.2 percent, with 4,581 victims. Many of the women interviewed have no faith in police protection. According to Prof Jose Peres Netto, who is in charge of statistics for the Secretariat of Justice, last year can only be seen as more violent in a comparison with 1986, which was "atypical," with fewer thefts and robberies, for example, than in the 2 preceding years.

#### Pollution

In the opinion of 89 percent of the women who answered the questions posed by Research International Brazil, environmental pollution was worse in 1987. The CETESB statistics are not yet available, but they are expected to confirm this opinion. Last year, the air the Sao Paulo citizen breathed was more contaminated. For the first time, one part of the city—Correio Square—was placed on alert status by the CETESB provisions, meaning that the pollutants in the air had reached a level which might affect the health of the people.

According to 95 percent of the women, the situation of renters deteriorated last year. "Tenants found themselves alone, without legal support, in a tight spot," Maria Eliza Jardim Barboza, president of the Dissatisfied Tenants' Movement, said, confirming the results of the poll. In 1987, rents dug deep into the tenants' pockets, and the old dream of a house of one's own became more difficult to achieve. But a broader assessment of 1987, according to Maria Eliza, shows that owners and renters were forced to reach an understanding. "The government norms established absurd adjustment indices, and so the number of agreements between tenants and owners increased," she said.

In addition to the many problems experienced last year, the housewives interviewed mentioned one sector in which they were treated well—trade. In the opinion of 72 percent of those interviewed, the service provided by the retailers in the shops was very good. The sales clerks wanted to increase enterprise business, and, faced with more demanding consumers, they took pride in good service.

#### Government Failure

33420073a Sao Paulo *O ESTADO DE SAO PAULO* in Portuguese 4 Mar 88 p 12

[Text] A recent survey by Research International Brazil covering women living in this capital city revealed that they unanimously believe that the quality of life in Sao Paulo deteriorated substantially last year. In their answers to the questions, popular dissatisfaction with the conduct of the politicians in the legislative and executive branches, as well as their lack of hope that the occupants of these posts can resolve the problems of the greater urban area were also revealed. Urban deterioration, which has become worse in recent years and is tending to do so increasingly in view of the inactivity of the authorities, represents a concrete fact which shows that there is no exaggeration in the results of the opinion survey.

However, if the survey, which *O ESTADO* published on Tuesday, aroused some doubts among our readers, they were soon dispelled by a reading of the other pages in that same issue, which revealed deplorable facts. In the educational sector, for example, we were informed that even the unit described in the government propaganda as the model school in the single-school-day project lacked the necessary infrastructure to cover the basic teaching cycle. In this section it was also reported that the students and teachers in the Prof Maximo de Moura Santos State School in Vila Jacui, Eastern Zone, are protesting the authorities' apathy in connection with the "vile and inhuman contacts harming our children just outside our schools."

The following page carried an article on public health, reporting that AIDS patients are being neglected in the emergency ward at the Emilio Ribas Hospital. They are not being given adequate treatment due to a shortage of beds and diagnostic equipment. Further on, the police report indicated that a feud between neighbors had become a threat to the children, who even suffered torture, but the police chief regarded the case as resolved "from the police point of view." Finally, there was a report that two little girls, 11 and 12 years of age, were beaten, raped and threatened with death by a man who attacked one of them at the door of her home and the other in the school dining room. The police have been accused of apathy in this case.

As can be seen, the common aspect in the problems reported is the failure of the authorities to act or their inadequate execution of their duties. In view of the fact that these deviations are routine, there is every justification for the disillusionment of the people with the politicians, who promise everything during their electoral campaigns, but are shameless and irresponsible in their failure to assume leadership of the public administration. Where the government officials affiliated with the PMDB are concerned, the absurdity is even greater, because they are committing the same errors they criticized so harshly when their opponents in the PDS were in power. Thus we see the other face of these public men, who have attempted to deceive the community with

demagogic attitudes. We can only hope that the voters will be aware of all this and will provide a suitable response when they go to the polls again.

5157

### New Generation Takes Over Four National Newspapers

81422670 Sao Paulo VEJA in Portuguese  
27 Jan 88 pp 86-87, 90

[Text] Two firms that publish two of the country's largest newspapers will experience important changes in their top management this week. At the 100-year-old *O ESTADO DE SAO PAULO*, which, with a daily average circulation of 235,000, is Brazil's third-largest newspaper, command of operations by the firms making up the group will pass into the hands of Francisco Mesquita Neto, 32, the great-grandson of the founder, Julio Mesquita. Currently sales manager, he is now being promoted to managing superintendent—a post created especially to meet the need for centralized management in the company. At Rio de Janeiro's *JORNAL DO BRASIL*, which occupies fourth place among newspapers with nationwide circulation (an average daily circulation of 165,000), Manoel Francisco do Nascimento Brito, who has headed the firm for 38 years, will hand the job over to his son Jose Antonio, 35.

The current change in top management at two of Brazil's most important newspapers is a perfect illustration of a special period in the life of the country's press. When the time comes to change management, the country's newspapers—established and built up within a family structure—are in the habit of repeating the saga in which the father makes way for one of his children or another of the family's younger members, and things are no different this time. At *O ESTADO DE SAO PAULO* today, there are 17 Mesquitas of adult age, and all are heirs of the founder, Julio Mesquita. At the *JORNAL DO BRASIL*, which has been in the hands of the same family for a shorter time, there are six Britos. On the other hand, the days are past when the idea of a newspaper firm was inseparable from the newspaper it published and where the owners of the publications were necessarily publishing dynamos. Big newspapers today are highly complex structures whose need for agile and modern management is increasingly steadily. Whereas the change in leadership at the *JORNAL DO BRASIL* seems to be following the pattern of a foreseeable transfer of responsibility for the family business to the eldest son, it has become clear that the change at *O ESTADO DE SAO PAULO* is in line with the requirements of these new times.

In fact, the promotion of Francisco Mesquita Neto, or "Chiquinho," as he is known within the family, coincides with a reorganization of the firm's structure that was considered essential in order to oil the wheels of a group with 8,000 employees, two newspapers (besides *O ESTADO DE SAO PAULO*, it also publishes the *JORNAL DA TARDE*, with a

circulation of 100,000), a radio station, a recording company, a distributing company, a large printing plant, and, lastly, active operations in connection with telephone directories. With billings of about \$200 million annually, the firm divides its publishing business—still the group's chief activity—into two distinct organizations: *O ESTADO DE SAO PAULO*, Incorporated and the Oesp Printing Company, each with its own chairman and board of directors. As a result, decisionmaking was becoming slow and difficult, and the operational interests of the group's various segments often clashed.

### Vital Changes

The solution was to establish a single board of directors for both firms. It will consist of family members and be headed by Francisco Mesquita Neto as managing superintendent. Under his coordination, 10 new working units will be set up. Each will be completely independent of the others and responsible for one of the group's areas of activity. "That change will make life easier for everyone," said Julio de Mesquita Neto, 65, director in charge of *O ESTADO DE SAO PAULO*. He has occupied the number one spot at that newspaper, which is the heart of the group, since 1969, and will continue to be responsible for its editorial policy. Luiz Vieira de Carvalho Mesquita, or "Zizo," director of the organization's industrial area, chimed in: "We used to be a firm with two heads; now we have only one in order to think faster."

Francisco Mesquita's rise to the top in the firm that publishes *O ESTADO DE SAO PAULO* is the most eloquent proof of those changes, vital but scarcely visible to the public, which are taking place in the structure of Brazil's newspaper companies. Thirty years ago, in the case of *O ESTADO DE SAO PAULO*, the newspaper and its publisher Julio de Mesquita Filho—the famous "Doctor Julinho"—were synonymous. Although just as much an heir to the newspaper as he, his brother Francisco Mesquita was only "Doctor Chiquinho"—a man respected and loved within the firm, to be sure, but not associated by anyone with the making of decisions. As head of the publishing side of the business, Julio de Mesquita Filho was everything; Francisco, being responsible for the administrative side of things, was definitely a figure in the background.

In the succeeding generation, that panorama began to change. Julio's sons—Julio de Mesquita Neto, Ruy Mesquita, and Luiz Carlos Mesquita—took command of newspaper operations, with the group's flagship, the newspaper *O ESTADO DE SAO PAULO*, being turned over to the eldest son. Francisco Mesquita's sons—Jose Vieira de Carvalho Mesquita and Luiz Vieira de Carvalho Mesquita—replaced their father in administrative management. The only problem was that *O ESTADO DE SAO PAULO* was no longer just a newspaper: it had become a complex firm and had come increasingly to require crucial decisions concerning investments, equipment, technology, and a whole series of questions that did not exist back when newspaper activity in Brazil was

simply a matter of bringing intelligent people and brilliant personalities together on an editorial staff. As a consequence of those changes, Francisco's sons now enjoy much greater stature in the firm than their father did—and now, in culmination of the process of upgrading the management side of the operation, his grandson is going to be responsible for the company as a whole.

### Arbitrating Conflicts

Married with three children and the holder of a master's degree in business management from Columbia University in New York, Francisco Mesquita Neto began working at *O ESTADO DE SAO PAULO* 10 years ago as a trainee in the group's financial area. "It is a succession without traumas," he says. As head of the Mesquita clan, he will necessarily have to arbitrate conflicts at times. But that does not frighten him. "Our relationship is very straightforward, and everyone is outspoken. If I do not agree with something, I will speak out without holding back, and I expect to be listened to," he warns. If he is successful, he will complete one more change of generation in the family that has controlled *O ESTADO DE SAO PAULO* for over a century.

At the *JORNAL DO BRASIL*, the change will be completed on the 31st of this month, when that publication's business will be conducted in the name of Jose Antonio do Nascimento Brito as manager and chairman for the first time. "At the age of 65, every manager must go home," said Manoel Francisco do Nascimento Brito last week, when he was still manager and chairman of the *JORNAL DO BRASIL* and as he retired along with director Bernard Campos. "There has been only one exception, and that was the countess, but she died," he said, referring to his mother-in-law, the Countess Pereira Carneiro, from whom he inherited the newspaper along with his wife Leda. "When you have a business that bills millions of dollars, care is necessary. The succession must be prepared for while you are still alive in order to avoid problems."

When he reached what he considered the age limit last August, Brito began carrying out the change that will take effect this week, and he decided in favor of Jose Antonio. "He has now been on the *JORNAL DO BRASIL*'s board of directors for 10 years, and it was his executive ability that led me to choose him." Brito, who in 1978 suffered a brain hemorrhage from which he has recovered—the only aftereffect being the movement of one hand—will continue in any case to make his presence felt in the *JORNAL DO BRASIL*.

From his office on the seventh floor of the newspaper's headquarters on Brasil Avenue, Jose Antonio—or "Josa," his family nickname—will head an organization with 4,200 employees and a string of six firms—two

publishing houses, the JB radio system, a press agency, a printing plant, and the newspaper itself—along with two subsidiaries: Jorbra Diesel and Jorbra Tourism. "Except for the change in names, nothing in the firm is going to change," says Jose Antonio, who will have the other four brothers, all of whom work for the group, under his command. One of Jose Antonio's most urgent tasks will be to solve the problem of an accumulated debt of \$28 million owed to banks and to keep up the stiff competition for Rio de Janeiro readers that the *JORNAL DO BRASIL* has been engaged in with its rival, *O GLOBO*, for the past 15 years. In those circumstances, his father's plans for obtaining a license for a TV station will be shelved for the time being. "We are not going to take such a big risk, at least while the country is experiencing a crisis," says Jose Antonio.

### Supreme Authority

Younger generations have also reached the top at two other big Brazilian newspapers. At *O GLOBO* in Rio de Janeiro, the succession has been decided in favor of Joao Roberto Marinho, 35, the middle son of patriarch Roberto Marinho, 82. Together with his Uncle Rogerio, Joao Roberto is one of the deputy chairmen of the newspaper, which has the second-largest circulation in the country with an average of 257,000 copies daily. A few years ago, Roberto Marinho divided up his group's activities among his three sons, with each being made responsible for a specific area of the family business: an empire consisting of about 100 firms ranging from INBASA (a jelly manufacturer) to a television station in Italy (Montecarlo TV) and the powerful *GLOBO* TV network. But he has not relinquished control and continues to exercise supreme authority over the destinies of the organization he heads.

At the *FOLHA DE SAO PAULO*, Octavio Frias Filho, 30, has now been in charge for the past 3 years. He occupies the post of editor in chief at the newspaper controlled by his father, Octavio Frias. Together with his brother Luiz Frias, who is charge of sales, he has made a perceptible change in the *FOLHA DE SAO PAULO*'s editorial style and helped to make it the leader in circulation among the country's four largest newspapers (an average daily circulation of 283,000). "Otavinho" is heir to a group that also includes two other newspapers and a printing company—the Ypiranga Lithographic Company—and employs a total of about 6,000 people. "In Brazil, the control of newspapers is deeply rooted in the families that own them, but the trend is toward professional management," he says. It is a fact, in any case, that in the present generation, control of Brazil's four largest newspapers will continue to belong to a Mesquita, a Brito, a Marinho, and a Frias.

**Barco Signs Agrarian Reform Measures**  
33480106a Bogota *EL ESPECTADOR* in Spanish  
19 Mar 88 p 14A

[Text] Although it has been described as "unconstitutional" by various political sectors, President of the Republic Virgilio Barco Vargas has signed the agrarian reform bill, 3 months after the Congress approved it.

In his statement, the chief of state reiterated that "Agrarian reform cannot be subject to the different and often contradictory desires of the social sectors directly affected by the process." He said that it depends on "the will and the political commitment of the government" and represents a decisive step toward the achievement of peace in the nation.

The final text of the proposed land redistribution law, the legislative handling of which proved somewhat costly, encountered its most involved opposition from the conservative congressional representatives and the production unions, who regard the "elimination" of the land categories introduced by the new law as a violation of the right of private ownership.

Also, the Conservative Party, the New Liberals and the Patriotic Union maintain that the proposal was "fraudulently" approved in the Chamber, since the number of ballots counted in this proceeding did not correspond to the number of congressional representatives participating. It was also claimed on this occasion that Edgar Papamija, a Liberal Party representative in the Chamber, was present in the Congress on the date the proposal was approved, but it was later established that he was not.

This fact provoked harsh criticisms which, together with other "unconstitutional aspects," led Hugo Escobar Sierra, a conservative congressman, to announce that if the draft agrarian reform were passed, he would immediately proceed to challenge it.

#### **The Reform**

According to the statement made by the chief executive yesterday in the presidential office, where he signed the law, this "is a response to the increasing clamor which has been raised for some time now by various sectors in Colombian society, the dispossessed peasants in particular. This law seeks to adapt the ownership structure to the new social and political realities in the country."

The document which proposed amendments to Law 135 of 1961 not only calls for changes in the criteria for expropriating land, but also provides for alterations in the structure of the board of directors of the Colombian Agrarian Reform Institute, and modifies the number of its members for decision-making purposes.

This point was the target of criticisms pertaining both to the nature of the members making it up (six representatives of the president, two representatives of the peasants, one member of the SAC and one of the FEDEGAN) and to the number of individuals comprising it initially (nine). This number precludes the practice of the system of approval based on the "four-plus-one" criterion.

The elimination of the land categories proposed by the government was finally amended, in part, after violent controversy, with the introduction of the hierarchy in which idle land heads the list for the purposes of expropriation.

This concept of "categorization," which was approved by means of the Chicoral Pact, Law 4a of 1973, was at one time the greatest obstacle encountered by the INCORA in the execution of its task of purchasing land.

Many congressmen in the last legislature, especially the representatives from the coast, argued that the elimination of this concept would discourage investment.

Finally, according to the text approved by the Congress, the implementation of programs for the purchase of land will take into account first of all the "idle land suitable for farm operations and easily accessible to the peasants in the region involved."

Next come properties "voluntarily offered for sale to the INCORA by their owners, provided they meet the conditions established for the implementation of the programs for which purchase is designed."

"Leased properties or those farmed on shares, and others deemed necessary for the proper implementation of the programs, with priority being given for purchase to those properties wherein the portion of the value of the crops, useful or necessary improvements and equipment related to exploitation is less than the intrinsic value of the land in the total appraised value."

The changes introduced into the concept of eliminating the categories of land were interpreted by a number of sectors as "negative" in terms of the development of a normal process of land transfer. Senator Rodrigo Marin Bernal gave assurance, for his part, that the drafting of this article was motivated solely by a "simple political transaction."

#### **Disputed Land**

On the other hand, Article 21 of the proposal had a paragraph added, whereby lands in dispute or which have been seized were excluded in principle from the INCORA proceedings. This measure has been termed "arbitrary and regressive" by some analysts.

The conservatives, led by Senator Rodrigo Marin Bernal, continued, even after the new law was approved by the Congress, to regard it as a proposal which is hardly viable and has little potential for resolving the land-ownership problems in the country.

Similarly, Jaime Arias Ramirez, a parliamentary representative, concluded that the financing system adopted, both for land purchases and payment for improvements, will not ensure that any more than 3,000 of the peasants who need land will obtain it within the 10-year period covered by the proposal.

He says that 2.8 of the 18 percent tax on food imports will go for the financing of the program, along with the budget allocated to the INCORA, plus a system of government bonds. The first lot, involving some 5 billion per year, will not, in the opinion of the opposition, guarantee good results for the land redistribution program.

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#### President Announces Agricultural Extension Program

33480106b Cali *EL PAIS* in Spanish 22 Mar 88 p A3

[Text] Bogota, March 21 (COLPRENSA)—The following is the text of the speech, carried over radio and television, in which President Virgilio Barco Vargas announced the Agricultural Extension by Objectives program.

"The Agricultural Extension by Objectives program is direct and effective.

We Colombians at present are living in a country of cities, with deep agrarian roots. A few decades ago our population was 70 percent rural and 30 percent urban. Today the reverse is true. In addition, the problems in our cities are in large part the result of rural imbalances which were not corrected in time.

For this reason, attention to the rural zones has been and continues to be the permanent concern of this administration. A third of our population is still in the rural sector and is engaged in producing food and raw materials. In addition, these activities generate a large part of the foreign exchange income which makes the progress of the nation possible.

#### The Battle Against Rural Poverty

A substantial percentage of the peasant population is made up of small crop and livestock producers who live under conditions of extreme poverty similar to those suffered by many of their relatives and former neighbors in the cities. The government plan for the social economy is designed to improve the lot not only of the urban

population living in absolute poverty, but also and very especially that of the small farm producers who have not heretofore been covered by state benefits.

Improvement in the situation of the poor peasants depends basically on changes in a series of factors which affect their production capacity, such as ownership of the land, availability of sufficient credit and access to suitable technology, so that the productive resources can be used in the best possible way.

Last Friday, at the headquarters of the International Tropical Agriculture Center in the municipality of Palmira, I signed the law which will make it possible to mobilize extensive additional resources, as well as international scientific support and technology.

In a special ceremony on my return to Bogota, I proceeded to sign the Agrarian Reform Law which was passed by the Congress during the last legislative session. This is an effective tool for improving the living conditions of the peasants and strengthening the potential for raising their income. The provisions of this law need to be supplemented, simultaneously, with other programs directed toward the various aspects of peasant life which create serious obstacles to production. This is what the government is doing.

The agricultural extension service is an efficient program for transferring technology.

I want to speak about one of these programs—the Rural Extension Service, which has recently been established in connection with what we have called Agricultural Extension by Objectives. It is designed to bring about the efficient transfer of technology from the experimental farms of the ICA, other research bodies and modern farms to the small farms on which more than a million peasants live.

This service will operate on the basis of very simple foundations, which will therefore be easy to implement and control. It will involve periodically conveying to the small farmers messages which have been developed or verified by a research agency, the Colombian Agricultural Institute (ICA) in the main, concerning the most important aspects of better crop productivity, and therefore efficiency in their farm activities.

It is not a question of seeking out the producers with the greatest technical capacity or the best opportunities and resources. It is a question of reaching the typical producer in each zone, whatever his circumstances may be.

#### Exploiting Every Potential

Selections will not be based, as is usually the case, on the aptitudes of the producers or the zones. Where hillside cultivation predominates, we will work with the hillside producers. In the small-farm zones, we will work with the

small farmers. The purpose is to make maximal use of the circumstances in each place in order gradually to improve the conditions of peasant farm operations in general.

The old state pilot farms, so remote from the understanding and the potential of the peasant, have been replaced by portions of the farm of each producer, where, given his conditions and his resources, he can see the difference between exploitation using technical means and the other traditional way.

The multiplying agent is the peasant himself, who with the support of the extension workers, will pass on his experience to his neighbors and can show them what he is able do with his resources.

#### Agricultural Extension Under Way

Last Friday I visited one of the small farm zones in Puerto Tejada, where the Agricultural Extension by Objectives program is going forward. I had an opportunity to talk at length with the peasants being benefited and with the extension technicians, and I was able to see how the initial obstacles had already been overcome. The program is under way and has wide acceptance.

Currently 280 technicians are at work, and they are making use of all the available transport vehicles to reach the peasants. In 1990, 2,700 technicians will be involved in the program.

The extension workers, trained by the SENA, are prepared to pass on their knowledge, using modern communication systems. They visit each farm plot periodically, at the time and place and on the day previously established or arranged, and they take to the peasant and to his neighbors who are enrolled in the program simple messages and practices prepared by the research agencies. These vary with the different crops and other activities and, naturally, with the developmental stage involved.

The program has verifiable targets.

The system is simple, direct and efficient, because it has been carefully perfected by the body entrusted with implementing it—the Agrarian Fund—with the support of such other agencies as the ICA and the SENA. Their participation is essential to its success.

With clear and concrete objectives and the ability to relate them to the improvement of productivity and increases in production, in other words with increased peasant income, it is possible to establish precise measurements and assessments of the scope and efficiency of the agricultural extension service. In this regard, it is basically different from the earlier programs, the effects of which could not be quantified.

#### Coordination by the Agrarian Fund

The Agrarian Fund was selected as the unit to coordinate the service, because of its experience in the rural sector, because it covers the majority of the municipalities in the country, and because it has the administrative and technical capacity required for the success of the program.

Agricultural Extension by Objectives is already being implemented in the departments of Cauca, Risaralda and Santander, and within 2 weeks it will be launched in Boyaca, Sucre and Tolima. It now involves 92,000 producers, and by the end of 1988, we will be serving 326,000 more. The goal is to reach a million throughout the country by the end of the current presidential term. Naturally, special importance will be assigned to the zones included in the National Recovery Plan, because development of the rural sector, as I have said on other occasions, is effective therapy for national reconciliation.

In all, 50,000 producers are benefiting from the irrigation systems already built or in the process of being built by the HIMAT. They will be provided with technical aid which is specifically designed to make the use of irrigation water, that scarce and costly resource, more efficient.

#### Cooperation of State Bodies

An effort such as that which has been undertaken requires the cooperation of numerous institutions and close coordination among the various state bodies.

The principal responsibility falls to the Ministry of Agriculture, with the Agrarian Fund and the ICA, and to the Ministry of Development, with the SENA. Other bodies such as the HIMAT, the INCORA, the DRI, the National Recovery Plan (PNR), government offices, administrative corps, the police stations and the municipalities, which are now stronger and have greater administrative responsibility, must also invest their efforts to bring about the profound change the Colombian rural sector needs.

Financial and technical resources which are scattered today will be coordinated to make them more productive, to the benefit of the peasant consumers in all the regions. The zones with limited production where poor peasants live today can be improved through the maximal utilization of their resources.

#### A Peaceful Rural Revolution

Naturally, the difficulties which still have to be overcome are many, but we have vast confidence in the results of a carefully designed program. To the extent that Agricultural Extension by Objectives reaches the poorest and most distant zones in the country and stimulates the capacity and abilities of the people there,

it will bring about a veritable peaceful revolution in the rural sector and will serve as a basic element in changes improving the conditions of life for the poor peasants.

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### Colombian Press Review

33480121 [Editorial Report] The following collection of extracts was drawn from various Colombian press sources. If further FBIS processing is planned, a note to that effect follows the source line. No. 3 in a series.

**Judges Dispute Army Allegations**—Brig Gen Jaime Ruiz Barrera criticized certain Medellin judges for releasing many suspects arrested during recent narcotics raids despite sufficient proof that the persons arrested were involved in illegal activities. The judges disputed the general's allegations, however, and stated that the Army often did not furnish the court with the necessary paperwork to prove its charges and did not appear in court to testify against the suspects. One judge speculated that the general's charges were part of an Army campaign to pressure the government to allow military courts to try civilians. [Bogota EL TIEMPO in Spanish 14 Apr 88 pp 1A, 8A; full text to appear in JPRS Latin America Report]

**Council of State Members Threatened**—Several Council of State members have revealed that they and their families have received death threats and that their personal telephones are being tapped. Investigators stated that threats have not just been made against Council members involved in narcotics trafficking cases, but against other members as well, thus leading them to suspect that the threats are coming both from traffickers and from right-wing groups. Carmelo Martinez Conn, Council president, has requested protection for Council members from the Justice Ministry and from security forces. [Bogota EL TIEMPO in Spanish 7 Apr 88 pp 1A, 8A]

**Traffickers Blamed in Cordoba Massacre**—The recent peasant massacre in Cordoba department in which 36 people were killed reportedly arose from a feud between traffickers and insurgents. According to investigative sources, a narcotics trafficker in the area planned the killings after the EPL reportedly allowed other traffickers to move into his territory. Eyewitnesses stated that the massacre appeared to be well planned and organized and that the assassins selected the individuals who were to be killed. [Bogota EL TIEMPO in Spanish 7 Apr 88 pp 1A, 11C; full text to appear in JPRS Latin America Report]

**Rural Electrification Plan Postponed**—The government has postponed the second phase of its National Rural Electrification Plan, part of the Social Economy Plan intended to eradicate abject poverty in Colombia.

Sources indicate that the project was postponed due to recent investment shortfalls stemming from the Finance Ministry's monetary policy. [Bogota EL ESPECTADOR in Spanish 7 Apr 88 p 10A]

**Guerrilla Dialogue Termned a Failure**—In a television broadcast, several Conservative senators have termed the government's dialogue with guerrillas a failure, stating that dialogue only enabled guerrillas to strengthen their forces. They also rejected possible dialogue with narcotics traffickers as not being in Colombia's best interests and advocated instead an emphasis on legal measures against trafficking. [Bogota EL TIEMPO in Spanish 6 Apr 88 p 6A]

**Right-Wing Group Implicated in Massacre**—An unidentified right-wing group is believed responsible for a February massacre which took place in Pinalito, Meta department, a Patriotic Union stronghold. On 21 February, more than 200 people were surrounded by 20 men armed with submachineguns, who called out the names of several individuals and shot them. According to witnesses, the assassins used a radiophone to communicate with an unidentified third party. Other witnesses noted that neither the police nor soldiers from the local military garrison were in town that day. When questioned, police and military officials stated that both were out on an operation. [Bogota EL TIEMPO in Spanish 6 Apr 88 p 3A; full text to appear in JPRS Latin America Report]

**Israel To Negotiate Petroleum Purchase**—Israel plans to negotiate a significant petroleum contract with Colombia and to increase the amount of Colombian coal they import by 50,000 tons/year. The Israeli Energy Minister, Moshe Shahal, will meet with the Colombian minister of mines, the presidents of Ecopetrol and Carbocol, and the director of Incomex in mid-April to discuss the terms of the agreement. [Bogota EL TIEMPO in Spanish 6 Apr 88 p 8A; full text to appear in JPRS Latin America Report]

**March Inflation Reported**—DANE [National Administrative Department of Statistics] has announced that the inflation rate for March was 2.89%, for a total first-quarter inflation rate of 10.24%. Food prices reportedly increased 2.90% in March, for a cumulative first-quarter increase of 11.40%. [Bogota EL TIEMPO in Spanish 6 Apr 88 pp 1A, 10A]

**Turbay Seen as Likely DLN Head**—Debate on the composition of the next National Liberal Directorate has begun, with growing support for a new DLN headed by former president Julio Cesar Turbay Ayala. Many Liberal Party members believe that the DLN should be comprised of former national presidents who have no

further presidential ambitions, since this is widely seen as the cause of recent Liberal election losses. [Bogota *EL ESPECTADOR* in Spanish 6 Apr 88 p 5A]

**Private Security Companies Regulated**—Defense Minister Rafael Samudio Molina recently signed a measure requiring private security companies to provide police

with the names of company partners and legal representatives, the geographic area where the company will operate, and the source of the company's capital in order to enable officials to verify that the group is not linked to insurgents or to traffickers. The defense minister stated that this will prevent such companies from acting as 'private armies' for insurgent or narcotics groups. [Medellin *EL COLOMBIANO* in Spanish 30 Mar 88 p 14B]

## Decline Seen in Popularity of Arias

**Results of Opinion Poll**  
32480104 San Jose *LA NACION* in Spanish  
20 Mar 88 p 6A

[Article by Elberth Duran Hidalgo]

[Excerpt] Dr Oscar Arias, the president of the republic, has the lowest level of popular support for his administration since he took office 22 months ago, according to the most recent public opinion survey made by Interdisciplinary Development Consultants (CID).

In the last 4 months, 22 out of every 100 Costa Ricans, including Liberation Party members, have ceased to support the chief executive, reducing the number of those who continue to support him to 36 percent; this change has occurred since November when a comfortable majority of 58 percent were in his favor. This represents a decline of 18 percent on the percentage curve of opinions concerning the work of Dr Arias.

The decline is more dramatic if we take into account the fact that 7 months ago, immediately after the signing of the Central American peace agreement in Guatemala, the chief of state was viewed with favor by 71 percent of the citizens.

When it comes to seeking an explanation, the CID study reveals that in the public assessment of the government's performance, the imposition of new taxes, the devaluation of the currency at the beginning of the year, and the increase in the prices of goods of primary necessity and some basic services weighed heavily.

The above figures reflect the total for favorable opinions, in percentage terms, obtained from those who described the president's administration as "good" or "very good" (9 and 27 percent, respectively).

This total exceeds that of the negative assessments (17 percent), but falls below the level of those who are doubtful or do not know (47 percent).

Excluding this last category, the favorable (or unfavorable) index can be derived from the difference between the positive and negative opinions, which for President Arias comes to a positive total of 19 percent, representing a decline of 24 percent from the November 1987 level of 43 percent. The trend in the level of opinion in favor of the work done by Arias as president, according to the CID surveys, has been as follows: 37 percent in July of 1986, 48 in November 1986, 58 in March of 1987, 49 in July 1987, 43 in November 1987, and 19 in February 1988. This last percentage is the lowest ever for the Arias administration.

Exactly a year ago (March 1987), the chief executive achieved one of the highest favorable indices, when 58 percent of the citizens supported him, while at the beginning of his administration (June 1986), the figure was 37 percent.

CID obtained these figures by means of questionnaires which were answered by 1,204 individuals over 18 years of age. They were selected from every economic level, occupation and political group, and were distributed equally between the metropolitan area and the interior of the country.

This was the 28th survey made by this specialized enterprise in Costa Rica over a period of 10 consecutive years. CID is affiliated with the Gallup International Research Institutes (GIRI), and it operates in Guatemala, Honduras and El Salvador, as well.

It happens, moreover, that the negative opinions expressed about President Arias characterize the poorest economic categories, in particular. But the decline in support cannot be attributed to those who are not Liberation Party members because, according to the analysis of the study and the background, between last November and the beginning of March (the surveys were made between 22 February and 6 March, inclusive), support of the president on the part of Liberation Party members declined 19 points. Of this group, 73 percent supported the president 4 months ago, but now only 55 percent support him.

This change in the trend of opinions concerning the chief executive is nothing new. Other surveys made in the comparable periods of previous administrations yielded similar results.

It is believed that the most drastic measures occur in the middle of an administration, while the citizens are by then more aware of what the administration is capable of doing and how it is functioning. At the same time, they have a better view of what can be expected of the president's work in the remaining 24 months.

Of the last three government administrations assessed in the middle of their 4-year terms, that of Don Luis Alberto Monge (1982-1986) won the highest level (27 percent) of approval. Next comes President Arias, eight points lower, and finally, Don Rodrigo Carazo, with an unfavorable index of 17 percent. CID did not study the earlier administrations.

There are widespread indications that President Arias has done little to avoid increases in living costs. For example, 86 out of every 100 citizens answered that these costs have increased "greatly" in the last 4 months, while 69 expressed the view that the chief executive has done "little" or "nothing" to prevent this. Obviously, those who are not Liberation Party members criticized the situation more harshly.

A smaller decline in public support of the president's administration was seen with regard to foreign policy. Here the decline from November to the present was 13 percent. While 75 percent of those questioned expressed a favorable view 4 months ago, now only 62 do.

It should be explained that in November, President Arias had just been awarded the 1988 Nobel Peace Prize, and this was a period of rising popular support of the Central American peace plan proposed by the Costa Rican Government.

However, the impression that the chief executive is spending too much time promoting this international initiative persists among the citizens. Last November and in the present poll, 64 out of every 100 Costa Ricans said this was their view.

And in the domestic realm as well, positive assessments of the relations the chief of state maintains with the Legislative Assembly predominate. On this point, only 17 out of every 100 individuals termed these relations "bad" or "very bad."

Similarly, the view prevails that Arias is sincere and consistent with his announcement that he will use the approximately 20 million awarded along with the Nobel Prize to benefit the neediest persons in our country.

There is also support and credibility with regard to his decision to establish a foundation for this purpose. More than that, practically without distinction as to party, educational level, age or place of residence, the citizens of Costa Rica praised this attitude.

Statements such as "The country has many needy people," "He is very generous and noble," and "the people will thank him for this" were made.

As to the national expectations concerning the situation of the country in the 2 years to come, pessimism is widespread, although concentrated among women, individuals 40 years of age and older, Social Christians and those who said they have no political party preference.

The figures show that 17 out of every 100 citizens believe that things will be better or will remain the same, as compared to 58 percent who believe they will be "worse." Only eight individuals out of every hundred declined to answer or said they had no opinion on this.

#### Views of Information Minister

San Jose *LA NACION* in Spanish 21 Mar 88 p 5A

[Text] Admitting that the poorest sectors in the country have been "those hardest hit" by the recent government measures, the new minister of information, Guido Fernandez, said yesterday that these groups are nonetheless "giving us the benefit of the doubt."

He made this statement while explaining that this attitude is revealed in the latest public opinion study made by the CID.

The least advantaged citizens retain the hope that the measures adopted and the sacrifice demanded of them "will yield the expected results in the short run," he insisted.

According to the survey, support by Costa Rican citizens for the administration of President Arias has declined in the past 4 months from 58 to 36 percent, with this last figure reflecting the lowest level of public support for the government leader reported since he took office 22 months ago.

The main reasons for these results, this official commented, were the devaluation, the increase in prices and the new taxes.

He also admitted that the struggle among the political parties is currently affecting the general opinion of the president's work.

He confessed, however, that he personally expected "a more negative reaction" from the citizens. But the final figures lead him to believe that the citizen of Costa Rica is mature and does not vacillate from one extreme to the other. "He does not go from total approval to drastic disapproval," he added.

In this connection, he noted that the middle public opinion sector (those who describe the president's work as "neither good nor bad") increased from 27 to 43 percent, while the sector expressing the belief that the administration is "bad" or "very bad" remained stable.

The implementation in the near future of the measures limiting economic adjustments and promoting production, he stressed, will ensure that in the next survey, "The decline will be corrected, since the government has taken this (the results of the poll) as a challenge," in terms of greater emphasis on its policies designed to increase production and employment.

Fernandez admitted that criticism of the time President Arias is spending in promoting peace in Central America continues. However, this "means, in my view, not that the president should spend less time on peace, but that he should devote more to combating the rising cost of living, without reducing his interest in peace."

As to the issues on which the opinions expressed are favorable, Fernandez mentioned support of the conduct of foreign relations, agreement with the policy of refusing military aid for the forces opposing the Sandinistas, and the moderate optimism about the immediate future of Central America.

### Recent Political, Economic, Social Developments

32480112 [Editorial Report] The following items have been abstracted from reports published in various issues of the Spanish-language press in Costa Rica, as indicated. Number 5 of a series.

**Nicaraguans Resist Repatriation**—In a letter to President Oscar Arias, the president of the Nicaraguan Union of Workers and Farmers [UNOC], Heriberto Mayorga Obando, explained the conditions UNOC would accept for returning to Nicaragua. Among the requirements are the fulfillment of the Central American peace accords by the Sandinistas, including "general amnesty, the dissolution of all repressive organs of the State, the expulsion of all military advisors, and the setting of an electoral calendar." He went on to say that when the above take place, Nicaraguans will voluntarily return, but meanwhile they ask the Costa Rican Government to allow them to remain as refugees and work. [San Jose LA REPUBLICA 5 Apr 88 p 7]

**Rise in Prices of Commodities, Utilities**—From January to April, prices for various utilities and commodities have risen, causing speculation that April's inflation rate may exceed 7 percent. Among the goods and services affected are milk, bread, rice, sugar, cement, crude oil, and electricity. [San Jose RUMBO 19 Apr 88 p 33]

**Swedish Funds To Aid Squatters**—According to the minister of housing, Fernando Zumbado, the Government of Sweden has agreed to donate \$6 million to assist 14,380 squatter families totalling 69,900 persons in the greater San Jose area. The funds will be used for equipment and consultants such as attorneys, engineers, and architects. Minister Zumbado stressed that the programs now being developed will only reach 50 percent of the country's squatter families. Additional funds, efforts, and organizations are required to help the remainder. [San Jose LA REPUBLICA 6 Apr 88 p 13]

**Squatters Block Completion of Housing Project**—Sixty families responsible for building 60 shacks in the Rosister Carballo project face certain eviction, according to Vice Minister of Housing Ofelia Taitelbaum. The project contains 125 finished homes and 32 under construction. The area taken over by the squatters is designed for playgrounds and a school, explained Hugo Quesada, director of Legal Advice for the Joint Institute for Social Assistance [IMAS]. [San Jose LA NACION 6 Apr 88 p 8A]

**Drought Endangers Farmers, Herds**—The drought in Guanacaste has caused damages of approximately 60 million colones and has largely affected small farmers in a 4,000-hectare area. Jorge Pizarro, mayor of Santa Cruz and member of the interinstitutional committee evaluating the effects of the drought commented, "We are hitting rock bottom." He painted a picture of dried-up wells and rivers, thin cattle, and farmers using seed for food. Pizarro has sent a request to President Arias for the

implementation of irrigation projects, and for 1 billion colones from the Agrarian Development Institute to purchase land so that farmers will not move out of the area. [San Jose LA REPUBLICA 8 Apr 88 p 2]

**Palm Oil Creates Jobs, New Source of Income**—Continuous exporting of palm oil is guaranteed until the year 2005, according to production manager Alfredo Villavicencio of the Banana Company of Costa Rica. This nontraditional export will generate a significant amount of foreign currency, since it sells for \$386 per metric ton on the international market, compared to \$336 per metric ton domestically. Villavicencio went on to explain that 12,000 tons to be shipped to Mexico this year will bring in \$4.6 million. The palm oil industry has created employment for 2,700 workers and producers in an area of 14,951 hectares worked by the company and 6,795 hectares belonging to independent producers. This undertaking will make up for the unemployment caused when banana growing was abandoned in 1983. [San Jose LA NACION 21 Mar 88 p 5A]

**Deforestation Blamed on Rural Squatters**—Landless farmers in the cantons of Pococi and the Osa peninsula who are attempting to reclaim land are causing deforestation, according to Assistant Forest Director Alonso Matamoros, who explained that the land should be used for planting trees, not for agriculture. In Golfo Dulce, located in the Osa peninsula, gold prospectors, loggers, and farmers from IDA [Agrarian Development Institute] settlements are destroying valuable forests. Matamoros went on to explain that when the banana company left Golfito, squatters took over an additional 70,000 hectares of forest. He concluded by saying that because of squatter activity, cut wood is left exposed to the elements, rather than brought to market. [San Jose LA REPUBLICA 29 Mar 88 p 10]

### Bishops Criticize Handling of National Problems

#### Major Points Summarized

32480103z San Jose LA NACION in Spanish  
15 Mar 88 p 4A

[Article by Elberth Duran H.]

[Text] National problems should receive at least the same profound attention as has been given to international problems, because only thus will it be possible to work for peace for "both those within and those outside the country," the Costa Rican Episcopal Conference stated in a document issued day before yesterday.

In a nine-page declaration, the bishops adopted positions on a number of national problems, in a procedure which they say "should be prophetic," specifying the causes of "concern, uncertainty and discouragement among the people."

In all of the masses next Sunday, priests will read this document, issued without any "desire to mortify anyone" and so that "evils will be corrected in time and will not grow more acute," as well as to establish solid foundations for peace.

The first chapters deal with public expenditures, the high cost of living and corruption. They say that a detailed review of the state apparatus is necessary in order to achieve greater efficiency. Also, they demand more work, less waste and better use of the available tools on the part of government employees.

In connection with the public budget, the bishops express concern about the effects of the present system. It is unjust and not sufficiently equitable, they say, because while some institutions are very nearly lacking even "what is indispensable," others are involved in waste.

Concerning the high cost of living, they emphasize that the people are complaining that "everything is going up." They attribute a part of this situation to the middlemen, and they demand that their profits be regulated. Relations among the producers, middlemen and consumers, they explain, should be improved, so as to bring the cost of living down.

The document issued by the Episcopal Conference, which is made up of Bishops Alfonso Coto Monge, Ignacio Trejos Picado, Jose Rafael Barquero, Hector Morera and Antonio Troyo Calderon and Archbishop Roman Arrieta Villalobos, also attacks public and private corruption.

"He who offers gifts in order to obtain a prebend is as corrupt as anyone who accepts such gifts," the document says.

At the same time, the bishops warn that low wages contribute to creating this type of immoral attitude, for which reason they demand just wages, both for government service and in the private sector.

The Conference document describes the electoral reforms proposal as desirable, complains that current events are confirming that the political parties "are in the midst of their campaigning, spending millions and millions on their internal disputes and to oppose the other parties." It also demands that the dignity and honor of individuals be respected in political practice.

The bishops regard coordination among the highest branches of the state as an "absolute necessity" in order to prevent confusion and the making of promises which will not be kept. They blame the authorities who, due to pressure from groups or other interests, readily offer "advantages which they cannot later provide, even making use of laws."

They urge investors to put their resources into healthy activities which generate jobs, while describing the practice of keeping resources produced locally abroad as immoral.

Other considerations set forth are state that usurious interest is immoral; that international creditors should not place obstacles in the path of development and that sterilization is unacceptable, except when required to safeguard health and life. The bishops urge that the owners of media agencies cease to offer programs which are incitements to eroticism, violence and crime.

#### Political Leaders React

32480103z San Jose *LA NACION* in Spanish  
16 Mar 88 p 4-A

[Text] The president of the Legislative Assembly, Fernando Volio, has said he regards it as desirable for the country to undertake frequent self-criticism of the characteristics of the Episcopal Conference.

He emphasized that this is particularly important because of the responsibility and seriousness of the Catholic Church hierarchy.

In his view, democracy thrives on the continuous confrontation of ideas, and the prelates should be thanked for giving Costa Ricans food for thought about vital matters, "especially those which affect the general interests and the vast majority."

Meanwhile, Dr Oscar Arias, the president of the republic, said nothing about the matter in Cartago yesterday. When asked by *LA NACION* about the episcopal document, he stated plainly: "I will study it very carefully, and will speak about it after that."

In the view of Social Christian Miguel Angel Rodriguez, the text is "timely" and reflects the "prophetic mission" of the church. It now places the formulation of responses in the hands of those who have the knowledge and the power to act.

He explained that the church is an extremely important factor in the progress of mankind and the defense of moral values, particularly in view of the problems and injustices found in society.

He called attention in particular to the problems of corruption, the excessive size of the state apparatus, the cost of living, and the social injustices "to which the privileges of some and the egotism of many lead."

He also noted that it is the task of all citizens to contribute personally to the solution of the injustices described by the church.

It was not possible to obtain the opinion of Carlos Manuel Castillo, a contender for the Liberation candidacy. According to his office, he is in Mexico.

Moreover, although we talked with his office several times yesterday, it was not possible to learn about the views of Rolando Araya, another contender for the Liberation candidacy, concerning the bishops' document.

The same was the case with Dr Fernando Naranjo, the minister of finance, whom we wanted to ask about his views concerning the statements of the bishops on matters pertaining to his ministry.

Nor were we able to reach Rafael Angel Calderon, the possible Social Christian candidate, despite various telephone calls made to his office and his home.

In an address delivered night before last in the Kamakiri Hall, Calderon demanded that President Arias "begin to govern," after "2 years of failure at the head of the government." He also demanded that the president devote more time to domestic matters and less to trying to resolve those of our neighbors.

**Politburo on Party Control of Economy, New Management Procedures**  
32480109 Havana JUVENTUD REBELDE in Spanish  
9 Mar 88 p 3

[Article by Arleen Rodriguez Derivet]

[Text] The main studies commissioned by the Politburo for the purpose of changing and improving the Economic Management System, as part of the rectification process, were approved by the top political leadership body. In addition, the Politburo decided on how to implement these studies, it was reported at the meeting of economic departments of the Party. This 3-day meeting was held at the headquarters of the Central Committee.

All of the Politburo's agreements regarding labor and wage policy, the economic planning and monitoring systems, the cadre policy, technical-material supply, and enterprise organizations were presented at this meeting.

At the end of the second day of work, Lionel Soto stated that the changes introduced by these agreements will be made without fireworks, calmly, taking advantage of the most appropriate experiences and recommendations, in accordance with the particular characteristics of our economy.

We are beginning a great movement to transform the Economic Management System, he said, emphasizing the decisive role of the Party, the Union of Young Communists (UJC), and the trade unions in the vigorous promotion this movement requires.

#### **Planning**

As for the Planning System, the agreements adopted by the Politburo require that the Plan be drawn up on the basis of the directives approved by the Party and government leadership. From the beginning, the organizations and a group of unions and enterprises (selected for their key role in the country's economy) should participate along with the Central Planning Board (JUCEPLAN) in the drafting of the Plan.

Enrique Martinez, vice president of the JUCEPLAN, explained this point, stressing the need to formulate the Plan in an uninterrupted and continuous process. He also emphasized that the proposals derived from the discussion of figures in the labor collectives should not consist of a mere transfer of information. For this purpose, the concept of going from lower bodies to higher bodies has been introduced.

In this regard, the provincial representatives and Party officials made numerous speeches to call attention to the need for all of the categories of the Plan to reach the rank-and-file level intact, to facilitate the process.

Another topic of discussion was the proposal by the JUCEPLAN representative that, after being discussed at the rank-and-file level, the figures for the Plan return with as few discrepancies as possible, enriched with much more economical initiatives and variations. For this purpose, the figures must be drawn up within the same framework as they are in the central body, and any figures not so formulated will be rejected.

Rodrigo Garcia, minister-chairman of the State Finance Committee, spoke at this point to suggest that enterprises and territories be selected for a thorough study of the drafting of the Plan. In this way, it would be possible to analyze what is missing and what is excessive, which would provide for the simplification of the process from the rank-and-file level to the macroeconomic level.

#### **Control of Economic Activity**

The basic principles of the economic activity control system were outlined by Gilberto Valdes, director of the JUCEPLAN.

According to his explanation, all controls on economic activity will be channeled through a single system. An effort will be made to prevent the emergence of parallel subsystems that would generate volumes of unnecessary information. These controls will cover two major spheres of work: the National Economic Plan and State Budget, and financial-credit activity.

The system includes three basic levels: general, territorial, and institutional. Its primary objective is to determine the most urgent problems and difficulties in the economy in order to take timely steps to solve them.

#### **Technical-Material Supply**

Regarding the proposal to improve the Technical-Material Supply (ATM) system, it was announced that a decision has been made to guarantee the continued presence of a centralized state authority to ensure the adequate functioning of this system. In addition, direct ties would be established between producers and suppliers, eliminating intermediary distributors.

In addition, the role of reporting centers as links in the planning system was defined. The goal is to further activate the function of producers in the evaluation of sources and the demand for their products in the national economy.

The changes in the links of the ATM system will be made in accordance with the needs of the large consumers. For other consumers, the centralized supply network will be used, ensuring the elimination of parasitic enterprises and parallel networks.

### Cadre Policy

Maj Gen Senen Casas Regueiro, an alternate member of the Politburo and first vice minister of the Revolutionary Armed Forces, spoke on the agreements adopted with regard to the cadre policy. He noted that although the country has made considerable progress on the provisions of the Party Program and the recommendations made by Fidel and Raul, in many places there is still a lack of enthusiasm in promoting youths.

He went on to say that we are not taking a serious enough approach to the qualitative training of young cadres, and that with regard to economic activity, this training must respond increasingly to the specific needs of each type of activity.

In general, the Politburo agreement on the cadre policy is that the policy presently in effect should continue, with vigorous enforcement.

### Enterprise Organizations

The proposal on enterprise organizations approved by the Politburo was presented at the meeting by Marcos Portal, minister of basic industry and chief of the group that studied this matter in the Commission of the System.

The decisions made in this regard promote a qualitative change in the functions of the enterprise organizations, given the key role they are supposed to play in the direction of production.

The large organizations will be called unions, and will have the best technical and economic cadres. At the same time, the functions currently carried out by the ministries in the enterprises will be eliminated and spread out among the unions or enterprises, along with the respective personnel. The unions will function like a productive economic complex whose management structure will reside in a head enterprise.

It was also decided that the enterprise and the union may have units and areas for research and development, design, projects, and experimental plants. In the case of the unions, new forms of management are envisioned, including those involving foreign trade, which will be subject to government approval.

All of these decisions by the Politburo, as well as the one on labor and wage policy (which was presented during the first day of the meeting), are the concrete results of the work of the Economic Management Commission. This body is charged with proposing solutions for improving the system.

In all cases, the proposals are flexible, not schematic. Their implementation will determine their effectiveness in rectifying the errors committed in recent years.

08926

### FAR Meeting Emphasizes Larger Role for Ideology in 1988

32480108a Havana *BASTION* in Spanish 9 Feb 88 p 2

[Text] The content, forms, methods, and style of political and party work in the Revolutionary Armed Forces (FAR) were studied at a meeting held at the FAR Central Headquarters for the purpose of making such work more thorough, dynamic, and systematic.

The debate, chaired by Maj Gen Rogelio Acevedo Gonzalez, chief of the Central Political Office, is part of the process that was begun after the Meeting of Party Leaders in April 1987. The process is moving in three basic directions: improving the methods and style of work, refining the cadre policy, and guaranteeing the necessary resources and equipment for political labor.

The discussion focused on socialist emulation, and there was widespread belief that the problems affecting it are primarily subjective, motivated by insufficient attention by those who are guiding this program.

The participants agreed on the need to revitalize the competitive spirit of combatants and small units during political and combat training, ensuring that emulation is linked as closely as possible to this training. The tendency to give priority to material stimuli in many cases was condemned, and an appeal was made to increase the various forms of moral stimulus, given its undeniable influence on the education of personnel.

Leadership of the Party and of the Union of Young Communists (UJC) is part of the basic content of political organizations. There was a consensus that its effectiveness should not be measured only in terms of participation in the activities of grassroots organizations, but above all in terms of results.

There was a profound discussion of the need to employ different forms and methods in order to exert a stronger influence on the chiefs of small, medium, and large units to encourage them to derive support from the Party and the UJC. It was also emphasized that the leaders of the Party and the UJC must receive guidance as to how to make their work contribute more to the fulfillment of the principal tasks of the unit.

With regard to the forms of party labor, participants discussed the improvement of the active elements of the Party, given that these are a means to analyze and mobilize party members and the mass of combatants to fulfill fundamental tasks. An important conclusion is that it is not necessary to submit a central report; instead, several principal speeches or a guide for points of discussion may be presented.

The role of the chiefs, political organizations, and the organizations of the Party and the UJC in improving the application of the FAR cadre policy was analyzed.

There was unanimous agreement on giving greater consideration to the opinions of the organizations of the Party and the UJC in adopting decisions on the military cadres, and on the responsibility of the political organizations at all levels for the proper application of this policy.

The importance of concentrating party work on fundamental issues such as combat training and readiness, work on hardware and weaponry, and military discipline, was also debated. In this regard, participants reached the conclusion that to achieve better results, this effort must be relieved of all formality.

The improvement of political-ideological labor was another topic that received thorough attention. It was noted that this labor, through its principal forms, will be oriented toward studying the thought of Cmdr Ernesto Che Guevara and toward the patriotic, military, and internationalist education of combatants.

With regard to Marxist-Leninist training, by the second term of the 1988 academic year, three levels will be established for the training and scale of functions of chiefs and officers. In addition, this year petty officers and sergeant instructors will study the same program as the officers.

Upon analyzing the political training of sergeants, soldiers, and sailors, the participants concluded that beginning this year, the number of programs should be reduced. The same basic themes should be covered in all cases, including other interests for the commanding officers, depending on their particular needs.

It was emphasized in the analysis that from now on, classes will be organized at the company (battery) level, and will be at the platoon level only when conditions require it. In addition, the chiefs and political workers will give the classes directly.

As for the system of party instruction, it was decided that in 1988 the fundamental objective of such instruction will be to educate the leaders of the Party and the UJC in keeping with the changes resulting from the process of improving political-party work in the FAR.

Participants agreed upon modifications of the structures of mass agitation in order to eliminate trivial activities. They decided to eliminate agitation groups and to give more latitude to political-educational forms and activities. It is also expected that this work will be carried out at the company-battalion level under the direction of the chiefs, political workers, leaders, and members of the Party and the UJC.

New regulations governing cultural work among the masses were approved. These regulations will apply to officers houses, sergeant and soldier clubs, and Lenin-Marti rooms.

The analysis of troop recreation included discussion of the elimination of organizational and subjective problems, and greater satisfaction of the personnel's growing spiritual needs.

The implementation of the new concepts of political-ideological work in the Party organizations was debated, because although there is a clear definition of this task, a greater effort must be made to bring these ideas to bear on daily work and to strengthen in practice the ties to the mass of combatants. In addition, the importance of oral propaganda was stressed, as was the need for explanation, clarification, exhortation and persuasion.

With regard to the work of the UJC, it was agreed to apply across the board the experience obtained in several grassroots organizations in the creation of youth brigades "On the March to 2000." It was also agreed that some current regulations that systematize internal life would be eliminated.

Another topic of discussion was the increase in youth reforestation work, to educate youths in the importance of developing and preserving the flora.

An important element that was evaluated at the meeting was the application of the principal lines of the cadre policy with political workers, as well as the implications of that policy. It was agreed that it is important to obtain qualitative results from the overall evaluations and the certificates of characteristics, and that all those who enter the Military Training Centers to learn how to be political workers should have had the experience, one way or another, of being a soldier.

In the discussion of this issue, the chief of the Central Political Office called for a greater effort in the selection of sergeants, soldiers, and sailors to be trained as political workers. He also emphasized that practice has shown that the best cadres emerge from this source.

A report was presented on the study of the resources for political work, and a discussion ensued on existing resources and those that are required to meet current regulations. Participants also discussed the effort that is being made to ensure the necessary resources for Marxist-Leninist and political training, mass agitation and cultural work, the study of the social sciences, and the information system, among others.

In the analysis, it was noted that although there is not enough equipment to maximize the effectiveness of political-party work, existing resources are not utilized, repaired, or maintained adequately.

In drawing conclusions, the chief of the Central Political Office of the FAR, Maj Gen Rogelio Acevedo Gonzalez, appealed for a concentration of efforts on the application of the new directive on political-party work in 1988. He also called for continued systematic execution of the three strategic tasks set forth in connection with the improvement of the methods and style of work, the work with the cadres, and the guarantee of resources for political work. And finally, he urged that the chiefs be encouraged to base their efforts more on the organizations of the Party and the UJC. He outlined the measures that will be taken immediately to implement these ideas, including meetings to be held with all the political workers of the FAR and leaders of the Party and the UJC to explain directly to them the guidelines that were approved.

Finally, he stressed the need to strengthen collective analysis as an important means to arrive at the best solutions and to make political-party work in the Revolutionary Armed Forces more effective.

08926

#### **FAR Newspaper Expands Publication**

*FL131230 Havana Radio Progreso Network in Spanish  
1100 GMT 13 April 88*

[Text] The BASTION newspaper, an organ of the FAR, will also be published on Wednesdays beginning today. The number of issues will thus increase. It is expected that the newspaper will eventually become a daily publication.

#### **Drydock Capacity Increased at Casablanca Shipyard**

*32480108b Havana GRANMA in Spanish 9 Feb 88 p 5*

[Article by Emilio del Barrio Menendez]

[Text] When the U-shaped floodgate of the Casablanca drydock closed for the first time last Sunday afternoon to seal off the basin, a new stage began in our most important shipyard: From that day onward, 28 more ships from our merchant fleet can be placed in drydock.

One of these vessels, the 13 de Marzo, which measures 156 meters in length, is now sitting with its keel on the keel blocks (wooden supports) and its stern and bow resting lightly on the ends of the dock. Until Sunday, only ships measuring 143 meters or less could fit into the drydock; the U-shaped floodgate expanded its capacity.

This apparatus, developed by Cuban specialists and workers, will mean substantial savings for the country. Of the more than 100 vessels owned by our shipping firms, only 13 will be too big to be put in drydock in Cuba.

In accordance with the biannual cycle of revision, cleaning, and repair of the merchant ships' hulls (the part below the water line), just the admittance of the 28 units mentioned above, which used to go to shipyards in other countries, will represent a savings of about \$1 million a year. And if we consider the development of our merchant marine through 1995, the savings will amount to between \$8 million and \$11 million in this respect.

Manuel Becquer, the engineer who designed the mechanical part of the floodgate (regarded as the most complex naval project ever carried out in Cuba), explained to GRANMA that the total cost of the device was 650,000 pesos, 66,435 of which was in hard currency. The investment should be recouped before the floodgate has been in use for a year.

This large hunk of steel, which displaces 1,200 tons, is the creation of two Cuban engineers: Fabio Fajardo, principal designer, and Becquer. Lazaro Gonzalez also contributed to it, designing the electrical and automated systems for filling and draining the drydock. Also working on the project was a group of shipyard workers, including coppersmiths, welders, fitters, electricians, naval carpenters, and painters, among other tradesmen.

Fajardo's and Becquer's motivation for inventing this type of drydock apparatus (unmatched by any other in the world, as far as they know) is directly related to the fact that a new drydock could not be built in Casablanca, for soil reasons and other factors, and to the need to find ways of saving foreign exchange.

The solution was found and the possibility opened up; but to make it a reality and achieve its full potential, the drydock cycle must be reduced further. Last year, an average of 15 days was spent in drydock, 10 less than in 1986. But to bring the average to an acceptable 12 days, hull-cleaning equipment, scaffolding, and other equipment is needed to boost the productivity of this work.

The term U-shaped floodgate aptly describes the apparatus they designed. It is not straight, like the one traditionally used in drydocks, but rather convex. It is this characteristic that gives it the additional capacity. The floodgate was launched on 25 November 1987, and once it was afloat, work began on assembling its automated and electrical systems for controlling the water that is pumped in and out. Those systems were completed just a few days ago.

When Fajardo and Becquer came up with the idea and drafted the plans, many thought the U-shaped floodgate was an impossible dream. Nevertheless, the intelligence that was applied to solve practical matters, the perseverance, the skill, and the love of the project's creators and builders made it a beautiful reality. The 13 de Marzo, sitting solidly on the wood supports, makes the reality tangible. After it, 27 other large ships will follow.

08926

**Febres Cordero Defends Economic Policy**  
33480108b Quito HOY in Spanish 8 Mar 88 p 7A

[Text] The president of the republic, Leon Febres Cordero, appeared on a national television and radio network to defend his economic policy of providing incentives for nontraditional exports. He criticized once again "the reluctance of the two winners of the first round of elections to explain not ethereal ideals, but the economic policies and practical, specific measures that they will apply beginning next August, when the change in administrations takes place."

The chief of state repeated that "it is inaccurate to claim, based on subjective political motivations and not objective technical arguments, that the measures of 11 August were partly responsible for the abrupt, speculative surge in the price of the dollar in the past few weeks, since election day in January 1988. On the contrary, the dollar rose because of the despicable action of speculators, stimulated by political uncertainty (and) nervousness," emphasized Febres Cordero.

The leader stated that "the measures of 11 August have been the only appropriate means of facing the most serious crisis of this century: the loss of more than \$2 billion in income."

President Febres Cordero asserted that it was necessary to "free the republic from the asphyxiating dependence on oil," but that this does not mean ignoring the importance of hydrocarbons and other sources of energy. "For this reason, since August 1984, we have undertaken a

technical, coordinated, and systematic effort to stimulate exports; to promote external sales of new products, particularly agricultural ones; to make Ecuadorean goods attractive again on foreign markets, where the competition is intense and sometimes implacable."

He explained that in addition to agricultural production, agriculture must be integrated with manufacturing, and agroindustry must be promoted with the participation of producer organizations and private, state, and financial entities.

**Increase in Exports Stressed**

On last night's broadcast, Febres Cordero stated that the improvement of agriculture and the progress made by traditional and nontraditional exports in that sector are basic achievements of his administration.

President Febres Cordero observed that "our policy of realistic prices has satisfied a basic demand for social justice and fair distribution, and food production has risen at a rate of 9.2 percent a year between 1984 and 1987."

He revealed that the Development Bank during those years granted a total of 211,633 million sures in loans to farmers. He also reported that the area planted in nontraditional crops amounts to 2,707 hectares. In this connection, he emphasized the cultivation of flowers, asparagus, strawberries, Chinese snow peas, French string beans, and indigenous Ecuadorean fruits.

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**PNP To Support Candidacies of Quinones, Alvarez**  
32480096b Guatemala City PRENSA LIBRE  
in Spanish 1 Mar 88 p 16

[Text] The Reformist National Party (PNR) will promote the preliminary presidential candidacies of Renan Quinones and Ramon Alvarez Campollo, according to a communique issued by that political organization.

It states that the party rank and file have repeatedly called upon Quinones to run on a ticket with Indian leader Fermin Gomez, who is currently a PNR deputy.

It adds that Alvarez Campollo has also been proposed as a candidate who could have Fernando Leal Estevez as a running mate.

In addition, the PNR also reported that in the upcoming municipal elections the party will support 60 candidates who belong to the alliance known as the Group of Seven. It is made up of the PNR and the National Liberation Movement (MLN), the Democratic Institutional Party (PID), the Solidarity Action Movement (MAS), the Authentic Nationalist Central Organization (CAN), the Christian Student Movement (MEC), and the Nationalist United Front (FUN). In 20 municipalities the PNR will compete only in the elections of next April.

The party went on to state that at this time, for the purpose of consolidating unity and balancing the democratization process, all parties except the ruling party should form an alliance. They should put aside their ideological differences and join together to prevent democracy from taking the wrong path.

08926

**Jorge Carpio Reelected UCN Secretary General**  
32480106a Guatemala City EL GRAFICO in Spanish  
19 Mar 88 p 5

[Article by Amafredo Castellanos]

[Excerpt] Guatemala, 18 March—Jorge Carpio Nicolle was reelected by acclamation as secretary general and top leader of the Union of the National Center (UCN) during the 2nd National Assembly of that political organization. The assembly was held yesterday at the Ritz Continental Hotel amid great enthusiasm.

The confirmation of the founder of the UCN in his post as secretary general was attributed by the departmental secretaries general yesterday to the great effort he and his closest aides have made for the party in the last 2 years.

Similarly, the following party officials were reelected to their posts: Ramiro de Leon Carpio as assistant secretary general, Jorge Arenas as secretary of organization and chapters, and several other members of the National Executive Committee.

By holding this event, the Union of the National Center became the first party to comply with the law that requires that the second assembly be held within 2 years of the first. The UCN held its first National Assembly on 22 March 1986.

One of the key items on the agenda was the presentation of the report on the secretary general's actions. This report included two basic points, political activity per se and the economic aspect.

"We have made a constant and intensive effort throughout these 2 years; this has enabled us to place our organization in a predominant position with respect to the other parties. It is with great satisfaction that I report to this worthy assembly here today that at this time the UCN is the most important party in Guatemala," emphasized Jorge Carpio.

Regarding the political aspect, the secretary general stated that the 2- year effort began after the 1985 elections, when a program of visiting all the departments was launched to encourage the rank and file "not to lose faith and to remain in the struggle."

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**Mayora Reelected CAN Secretary General**  
32480110g Guatemala City PRENSA LIBRE in  
Spanish 11 Apr 88 p 15

[Text] Deputy Hector Mayora Dawe was reelected unanimously by the National General Assembly of the Authentic Nationalist Central Organization (CAN). The party held its assembly yesterday at 1000 hours at its central headquarters.

Present at the assembly were delegations from 114 municipalities throughout the republic. They ratified the political position taken by Secretary General Mayora Dawe, and gave him their full backing.

The CAN National Executive Committee now has the following members: Secretary General Hector Mayora Dawe, Assistant Secretary General Danilo Parrinello Blando, Treasurer Arturo Alvarado, and members Randal Guillen Valenzuela, Carlos Alejos Avila, Amelia Furlan de Delgado, Luis Eduardo Valdizan, Mario Espana, and Julio C. Aguilar Calderon.

Julio Salvado, Olga Moscoso, and Sandra Merida were elected as alternates.

At the conclusion of the General Assembly, the Executive Committee held its first session to appoint the Political Council. The following people were named: Chairman Julio Lowenthal, and members Rolando Briones, Dr Carlos Cossich Marquez, Maria del Carmen de Farrington, Luis Figueroa, Francisco Pellecer, and Blanca Sandoval de Flores.

Also named to the council were Isidro Juarez, Boanerjes Meda, Mario Arturo Gonzalez Arguello, Dr Daniel Gonzalez Pereira, and Julio Cesar Archila.

08926

### Government Expenditures Increased 242 Million Quetzals in 1987

32480110d Guatemala City PRENSA LIBRE in Spanish 30 Mar 88 p 12

[Excerpt] Government spending rose by 242 million quetzals in 1987 compared to 1986, according to the final report on the fiscal year and the execution of the state budget of revenues and outlays, which was submitted last Monday by Rita Elizabeth Vargas Nisthal to the General Accounting Comptrollership.

The total amount of revenues was 2.330 billion quetzals, while spending amounted to 2.340 billion. This yielded a deficit of 11 million quetzals, 19 million less than in 1986.

Revenues totaled 261 million more than in the previous year. These revenues include 196 million quetzals in donations.

The delivery of this report is required by Article 241 of the Constitution of the Republic, which states that the Ministry of Public Finance must write a report on the annual budget and submit it to the General Accounting Comptrollership within the first 3 months of the year.

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### Deputy Estimates 1988 Budget at 5 Billion Quetzals

32480110b Guatemala City EL GRAFICO in Spanish 7 Apr 88 p 5

[Text] "The budgets of revenues and outlays for just 12 autonomous and decentralized state institutions, which are not included in the general budget approved by the official party bloc in Congress, exceed 1.057 billion quetzals," stated Deputy Hector Luna Troccoli of the Union of the National Center (UCN).

"This means," he explained, "that according to the provisions of Article 237 of the Constitution of the Republic, the general budget of revenues and outlays of the state, with all of its parts together, amounts to no less than 5 billion quetzals for this year."

According to Luna Troccoli, the budgets of the 12 aforementioned institutions break down as follows: The Guatemalan National Railways (FEGUA), 21.1 million quetzals; the Bank of Guatemala (includes the Superintendency and the Securities Regulation Fund), 145.7 million; the National Development Bank (BANDESA),

116.3 million; Aviateca, 36.6 million; the National Institute of Electrification (INDE), 287.0 million; the Guatemalan Telecommunications Enterprise (GUATEL), 360.0 million; the National Financial Corporation (CORFINA), 24.5 million; Santo Tomas de Castilla, 47.2 million; the National Institute of Agrarian Reform (INTA), 8.9 million; the National Lottery, 6.6 million; the Municipal Development Institute (INFOM), 2.4 million; and the National Public Administration Institute (INAP), 1.5 million. The overall sum is 1,057,800,000 quetzals.

"This small sample," said the UCN deputy, "was taken from the Official Gazette itself, and proves without a doubt that although a 'general' budget of nearly 3 billion quetzals was passed, adding these figures brings the total to more than 4 billion quetzals."

"It is important to note that the general budget is at least missing the allocations for no less than 30 autonomous, semiautonomous, or decentralized institutions. These include the National Housing Bank (BANVI), the Technical Institute for Training and Productivity (INTECAP), the Guatemalan Institute of Tourism (INGUAT), Mortgage Credit, the Agriculture Science and Technology Institute (ICTA), etc., etc. Without unduly exaggerating, the Guatemalan state budget could easily reach 5 billion quetzals, not including the municipalities. Although the latter are autonomous entities by nature, they are still part of the state," he asserted.

"It should also be emphasized," he concluded, "that as long as we do not fully enforce the constitutional precept of the mandatory unity of the budget, as set forth in Article 237, the budget will remain one of the best kept secrets in the country."

08926

### Presidential Spokesman Denies 1988 Budget Increased

32480110c Guatemala City DIARIO DE CENTRO AMERICA in Spanish 8 Apr 88 p 2

[Text] "It is not true that the General Budget of Revenues and Outlays of the Nation totals 5 billion quetzals for this year, as alleged by Deputy Hector Luna Troccoli. The amount that was approved by Congress in December of last year is still valid," contended Julio Santos y Santos, presidential spokesman.

"What Deputy Luna Troccoli is saying is mere speculation. He has come up with these figures out of whole cloth, because the budget that is now in effect will not be increased or decreased at this time; there is no reason to do so."

"The people of Guatemala believe what the government says, because they know it is the truth and not the speculation engaged in by some representatives of the opposition."

"The general budget of revenues and outlays of the nation remains unchanged, and we can definitely say that it is not as high as the UCN representative claims," asserted the presidential spokesman.

08926

**Organization of National Development Council  
Nearing Completion**  
32480110a Guatemala City *EL GRAFICO* in Spanish  
8 Apr 88 p 5

[Article by Carlos Garcia Urrea]

[Text] The government's installation of the Regional Development Councils in Quetzaltenango yesterday means that the structure of the National Development Council is practically completed.

When the National Development Council was installed on 17 February of this year at the Camino Real Hotel, the entity was actually far from complete, despite all the importance and attention given to the matter.

At that time some representatives had not yet been named, including those of the University of San Carlos and private universities. In addition, the private-sector representatives, including those of commerce, industry, agriculture, and the financial sector, were also missing. Now the council is almost complete, but not entirely; some representatives are still missing.

The National Development Council is a system that has the following components: National Council, Regional Councils, Departmental Councils, Municipal Councils, and Local Councils.

At present some of the departmental councils have been formed. Their chairmen were sworn in at the ceremony that was held at the Camino Real on 17 February amid great pomp and circumstance.

The second most important step taken in this case is that of the regional councils, which are on the second tier of the organization. This is the step that was taken yesterday in the city of Quetzaltenango.

There are seven regional councils. They cover the principal departments within their jurisdictions, with the exception of Peten, which is considered a separate region.

The seven Regional Development Councils are: Alta and Baja Verapaz in the north; Izabal, Chiquimula, Zacapa, and El Progreso in the northeast; Jalapa, Jutiapa, and Santa Rosa in the southeast; Guatemala City, Chimaltenango, Sacatepequez, and Escuintla in the central region; San Marcos, Quetzaltenango, Totonicapan, Solola, Retalhuleu, and Suchitepequez in the southwest; and Huehuetenango, Quiche, and Peten in the northwest.

The departmental councils, chaired by the respective governors, operate simultaneously. They will now be under the control of the corresponding regional council.

#### Function of Development Councils

Another question that is asked about the National Development Council is, what is the role of the Regional Development Councils that were installed by President Cerezo in Quetzaltenango?

Their function will be, first of all, to enforce the principles of regionalization and decentralization of activities—not just administrative but also economic activities—and to promote the development of their regions.

The innovative aspect of the system of regional councils is that when the demands and requirements of the population reach their level, the councils sit down to discuss the economic orientation and the demands that the populace is making of the government.

Then the regional councils will be nearly in a position to define qualitatively and quantitatively what the National Development Council should approve in the urban and rural development plans.

It could be said, in current terms, that the Regional Development Councils will be able, when they are fully operational, to prepare the draft that will be used by the National Development Council to draw up the plans.

And this council, in turn, will be in a position to quantify, that is, to determine the quantity of the financial resources these projects will require.

But it is important to note that the development councils are not executive bodies of the government.

Thus, whatever they propose to the National Development Council, and whatever the latter approves as its urban and rural development policy, will return in the form of specific plans and programs through the units of the government, that is, the ministries and decentralized entities, to execute the projects.

#### Political Tools for Electoral Purposes?

The existence of the Local and Municipal Development Councils has raised some doubts about whether they can be turned into a political tool that can be manipulated by the government for electoral purposes.

According to the theories of organization expressed by the government, there is no possibility of this outcome.

For example, on the Departmental Development Councils, not only are the municipalities in the department represented, but the departmental secretaries general of the political parties are represented as well.

To be sure, the latter are limited in that they have a voice but not a vote.

In addition, commercial, industrial, financial, and agricultural associations are represented on these councils, as are cooperatives and trade unions.

Another aspect that is emphasized is the fact that the municipalities are represented on the National Council, the Departmental Council, the Regional Council, and of course the Municipal Council.

If we take into account the fact that the National Council allocates the 8 percent that the Constitution makes available to the municipalities for public services, we see that the municipalities are able to determine which infrastructure projects will best serve the economy of their residents.

That 8 percent (according to government sources) may be distributed within the parameters set forth in the law itself. And much of that 8 percent is earmarked for rural areas.

08926

#### INTA Proposes New Tax on Idle Land

32480110f Guatemala City *EL GRAFICO* in Spanish  
7 Apr 88 p 3

[Text] Guatemala City, 7 April—Nery Orlando Samayoa, president of the National Institute of Agrarian Reform (INTA), yesterday submitted to President Cerezo a bill designed to amend the law on idle land.

The bill calls for the application of a new table, he explained, to replace the one now in use. He added that the bill does not involve any sanctions against landowners whose holdings are unproductive and are not planted in any crop.

Samayoa explained that the table contains the taxes to be paid for idle land, depending on yield per hectare. Five categories have been established, so that the best land will be subject to the highest tax and the poorest quality land will be taxed the least.

The existing table levies the following taxes per hectare: Category 1, 2.50 quetzals; Category 2, 2.00 quetzals; Category 3, 1.50 quetzals; Category 4, 0.75 quetzals; and Category 5, 0.50 quetzals. The proposed table would levy

these taxes per hectare: Category 1, 20 quetzals; Category 2, 15 quetzals; Category 3, 10 quetzals; Category 4, 5 quetzals; and Category 5, 2 quetzals.

When this bill is passed by Congress, stated the INTA president, landowners will have several possibilities to choose from. One is to put the land into production, another is to sell it, and a third is to lease it out so that it can be productive. All of these alternatives will enable them to avoid paying taxes on lands that are not yielding any benefit.

08926

#### Coffee Exports First Quarter 1988 Total \$100 Million

32480110e Guatemala City *PRENSA LIBRE* in Spanish 27 Mar 88 p 6

[Text] "Guatemala has earned approximately \$100 million from its coffee exports for the January-March quarter, the second quarter in the 1987-1988 fiscal year. Thousands of small and medium coffee growers have contributed significantly to these revenues," states a press bulletin issued by the National Association of Coffee (ANACAFE).

According to the information provided by ANACAFE, the significant foreign exchange earned this quarter is due to the fact that an agreement was negotiated with the International Coffee Organization (OIC) to allow Guatemala to export part of its third-quarter quota during the second quarter (January-March), which has already ended.

"The excess allocated to this quarter amounted to about 234,782 gold quintals, added to the 503,783 gold quintals already planned. This yielded a total export volume of 738,565 gold quintals, bringing in approximately \$88,505,180. Only \$59,868,209 in revenues had been expected," added the bulletin.

"Moreover, over \$20 million has been earned on exports above and beyond the quota during the 2 months," stated the bulletin.

"Although Guatemala already has a fixed quota of exports for the 1987-1988 fiscal year (which runs from October of last year to September of this year and is broken down into quarters), the fact that it was able to expand its exports in the quarter that just finished represents an important means of solving the country's foreign exchange shortage," the bulletin concluded.

08926

**Reciprocal Trade Ties With USSR Examined**  
*32980161 Kingston THE SUNDAY GLEANER*  
*in English 3 Apr 88 p 8A*

[Article by Margaret Morris]

[Text] With the resumption of Jamaican bauxite shipments to the USSR the prospects of a wider range of reciprocal trade between both countries may now have to be considered.

Last year in New York, Minister Hart publicly and unapologetically characterized the Soviets as 'honourable' traders. The fact that they have now agreed to resume despite the desultory pace of negotiations suggests that Mr. Hart was correct.

Originally, the price of bauxite supplied to the USSR was pegged to the price of bauxite supplied to the USSR was pegged to the price of aluminum on the London Metal Exchange. This was re-negotiated in 1985 when it was agreed that part of the supply would be at a fixed price and part would be indexed to the LME. However, the recent steep rise in aluminum prices has caused the Soviets to pay considerably more for the same tonnage. Last year paid approximately US\$8 million dollars more. Because of this they have been pressing for a re-negotiation of the price—and apparently getting nowhere. Negotiations have been proceeding via telex since Minister Hart declined the invitation to visit the Soviet Union, and the Russian negotiators declined our invitation to come here.

In January the Soviets just stopped taking shipment, saying that RAZNO IMPORT (the Russian version of the JCTC) had not obtained a renewal of the import licence. This was of course, a ploy, a muffled growl from the Russian bear designed to persuade Jamaica to "get serious". The ploy has now been dropped, the licence granted and shipments resumed on the understanding that these will be subject to the renegotiated price.

The Soviets are at pains to be, and to appear to be, principled traders. And of course they are tickled pink when they are publicly recognized as such by a virtual "colony" of the U.S. It is safe to say that the Jamaican deal has considerable political and public relations value for them but that commercially it has been a major disappointment. The contract stipulates that not less than 20 percent of the value of the bauxite must be used to purchase Russian goods. Naturally the Russians hoped that this 20 percent minimum would be exceeded, but we have been consistently niggardly in our purchases, buying only motorcars and never more than 23 had to. There was a minor breakthrough last year when we also purchased some Belarus tractors via Canada thus spending a total of 30 percent of the bauxite receipts.

**Bauxite Plentiful**

Globally, the closure of plants and decreased stockpiles have pushed the price of aluminum up, but bauxite remains the most plentiful ore on earth. Despite the fact that the Russians adapted one of their alumina plants to process Jamaican ore, they are certainly not locked in to buying from us. Among other highly competitive sources which are lobbying the Soviets are Australia, Brazil, Indiz, Greece, Guyana, and Guinea.

For our part, the Russian contract is crucial to the continued operation of Kaiser Jamaica. The contract ends in hoping to persuade the Soviets to buy another million tons annually. The plain unpalatable fact is that we need the Soviet market much more than the Soviets need our bauxite. And this will remain the case despite whatever other bauxite deals we are able to swing with Israel, Alcoa, who ever, because bauxite is just about the only raw material we have in bulk.

The USSR is one of the very few countries with which we have a balance of trade surplus. For example in 1986 the surplus was approximately J\$108 million dollars. For Russia however, this was a negative balance of US\$19.8 million.

One obvious way to secure and increase the bauxite market is to adjust this imbalance by buying more Russian goods. Therefore the JBI has just completed "an exhaustive analysis" of the goods and services that Jamaica could purchase from the USSR. In 1979, when the contract was first negotiated under the PNP, one of the clinching factors was the fact that Jamaican negotiators went to Russia armed with a "serious" list of things that we could purchase from the Soviet Union. The list—still extant somewhere in the bowels of the BOJ—appears to have been nothing more than a facecard because nothing except the Lada barter ever materialized. The Russians must find it extremely ironic that the PNP, for all their empathy with socialism, stopped short of implementing any meaningful economic cooperation. In this respect the record is if anything more dismal than the JLP's.

Apart from trade, the Russians offered the PNP government (and are still offering the JLP government) joint ventures, developmental aid, training and scholarships. Neither administration has shown any interest. The reason, of course, is political. The communist bogey has been the nemesis of the PNP, remember the uproar over Manley's 1979 visit to Russia? For the JLP, communist phobia is a perennial election tool that must not be compromised by too much overt cooperation with the Soviets. In addition there is the fear of Uncle Sam's displeasure. Plus the fact that whatever the Russians offer on concessionary terms, the U.S. and Canada can offer much cheaper or for free. Several Soviet proposals have been pre-empted in this way, a case in point being the agricultural school at Ebony Park.

### Minimal Dialogue

Currently, Jamaican-Soviet dialogue is minimal at government level and non-existent at the (Jamaican) private sector level.

Nonetheless, at this point in time, good sense dictates that we take another look at economic cooperation with the USSR because, as Dr. Carlton Davis (Director of the Jamaica Bauxite Institute) says, "These people are buying the one thing that we can sell in bulk...what we are really trying to say to the society is understand the economic dimensions and get your policy in line with those dimensions". The Jamaican Private Sector, he suggests, has got to abandon "tunnel vision" and try to understand the rationale for trade with the USSR. They need to make a determined effort to "buy Russian" for the ultimate good of the Jamaican economy.

For their part, Dr. Davis said, the Russians need to become more active, to identify appropriate areas and campaign more aggressively for a larger share of Jamaica's import spending.

Unfortunately, the dimensions of trade and economic cooperation with Russia have recently become more complex. Thanks to Gorbachev's programme of Perestroika (restructuring) and Glasnost (openness), the Soviet system is in flux. A major administrative shake-up is underway. Posts are being pruned, personnel shuffled. Two formerly autonomous bodies the Foreign Trade Organization and the State Committee for External Economic Relations have now been merged.

Bureaucrats are nervous and playing a waiting game. All of which makes negotiations slower and more difficult.

The USSR possesses a huge range of raw materials—many of which we require and could obtain by purchase or counter trade. For example, in the same way that we barter alumina for oil from Marc Rich we could barter bauxite for oil from Russia. Since they already deliver oil to Cuba, the logistics are not a problem.

Unfortunately the Soviets will prefer to sell us finished goods. A major thrust of Perestroika is to reform the export economy by increasing the export of manufactured goods and reducing the outflow of raw materials.

Therefore, we will have to seriously consider the option of joint ventures with the Soviets. They are willing and able to build and equip factories, to train machinists and technicians, and they are even agreeable to being paid "in kind" by the goods manufactured in these plants.

Projects mooted include a caustic soda plant, tool institutes, and a factory to manufacture medical equipment like disposable syringes. Another interesting suggestion is a plant to manufacture software for Soviet computers. Jamaica, being so "computer literate", seems especially appropriate for this.

The bottom line is that the Soviet bloc represents a large and growing market for the commodity we have most of, bauxite, and to secure our market we have to increase reciprocal trade. Are we mature and independent enough to do this, or will communist phobia keep us forever dependent on handouts from our Capitalist Big Brothers?

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### Recent Political, Economic, Social Developments

32480103 [Editorial Report] Various Spanish-language Mexican press sources, as indicated, have been consulted to prepare the following collection of extracts, No 16 in a series. Where further processing by FBIS is planned, a note to this effect accompanies the item.

**PRI Federal District Electoral Weaknesses**—A study done for the PRI on electoral problems confronting the party in the 40 electoral districts of the Federal District has concluded that each district can be placed in 1 of 3 categories. The first category includes districts where the party is expecting difficulties due to the majority of voters being supporters of the National Action Party (PAN): districts 1, 16, 32, and 36. The second category contains those where, judging by previous election counts, loss by the PRI is likely: districts 6, 7, 8, 11, 20, 24, 38, and 39. The remaining districts, those in which the PRI continues to maintain an ample margin over the opposition, comprise the last group. [Mexico City EXCELSIOR 4 Apr 88 pp 1-A, 22-A]

**PRI Membership Losses Discussed**—According to Secretary of the Chamber of Deputies Grand Commission Jorge Montufar Araujo, speaking in Mexico City on 31 March, the reason for many members of the PRI leaving the party is its loss of "spirit," the result of its having "turned its back on its great ideological and political commitments." Dismissing the possibility of another movement such as the Democratic Current appearing within the party, Montufar Araujo acknowledged that thoroughgoing democratization in the country will not be possible without democratization first within the ruling party itself. [Monterrey EL NORTE 1 Apr 88 p 1-A]

**New CT Head Lacks Membership in PRI**—Secretary General of the Mexican Trade Union of Electrical Workers Jorge Sanchez Garcia was elected on 24 March as the next president of the Labor Congress (CT). He will be replacing Confederation of Mexican Workers President Fidel Velazquez in the position. Sanchez Garcia is the first labor leader to be selected for the CT presidency who is not also a member of the PRI. [Mexico City EXCELSIOR 25 Mar 88 pp 4-A, 32-A]

**Clouthier on Civil Disobedience**—In a 4 April interview granted at the Mexico City International Airport on his arrival from Culiacan, Sinaloa, PAN presidential candidate Manuel J. Clouthier said that the call for civil disobedience will grow very much harsher as soon as the government seeks to resort to electoral fraud; there is no reason for obeying a badly written law or an illegal authority. Clouthier also stated: "We do not want violence; nor are we looking for it. We will fight using all of our means for civil disobedience and we are urging people to put up with the repression, pressures, and everything that they can inasmuch as our movement aims at contributing to order." [Mexico City EXCELSIOR 5 Apr 88 pp 1-A, 11-A]

**Chihuahua Church Opposition to Violence**—Dizan Vazquez Loya, spokesman for Chihuahua Archbishop Manuel Talamas Camandari, said in Chihuahua on 4 April that "the best culture medium for outbreaks of violence is electoral fraud." "The church is opposed," he went on, "to physical and verbal violence as means for settling differences or for demanding citizens' rights during the course of the electoral campaign now under way." He added: "The church clearly supports the nonviolent approach, which includes civil disobedience and other procedures"; this does not identify the church with the PAN, but instead identifies the PAN with the church. He further stated that the church has already indicated that in the event of violence responsibility falls not only on the opposition but also on those in power unlawfully and those who close the channels for the free expression of the people's will. [Monterrey EL NORTE 5 Apr 88 p 2-A]

**Steps Toward Founding of Central Peasant Group**—National Democratic Front presidential candidate Cuauhtemoc Cardenas announced on 10 April, before some 20,000 peasants gathered in Xochimilco to commemorate the 69th anniversary of the assassination of Emiliano Zapata, the formation of a National Organizing Council that will prepare for the creation of the Cardenist Central Peasant Organization in June. The gathering was in response to a call made in Poza Rica, Veracruz, on 6 March, by Cesar del Angel and Rafael Aguilar Talamantes, leaders of the 400 Pueblos National Movement and the National Union of Agricultural Workers (UNTA), respectively. At that time Cardenas and other political leaders expressed the need for responding to peasant unrest by creating an organization that would truly represent all rural workers. Independent peasant groups were then asked to participate in the 10 April gathering, along with representatives of officially-backed groups. Of these, only the 400 Pueblos group and the UNTA responded. Among others attending were Roberto Jaramillo, of the Party of the Socialist Revolution, and oil workers from sections 1, 3, 24, 36, and 44 of the Revolutionary Trade Union of Petroleum Workers of the Mexican Republic. Organizations ignoring the call to attend were the National Coordinating Board of Indigenous Peoples, the Emiliano Zapata Eastern Democratic Front, the National Coordinating Board for the Ayala Plan (CNPA), the Emiliano Zapata Union of Joint Landowners of Zitacuaro, the Independent Central Organization of Agricultural Workers and Peasants, the Popular Peasant and Worker General Union, and the Union of Rural Workers. The intention of creating a new umbrella peasant organization as envisioned by Cardenas has its origins in the efforts that brought about the creation of the CNPA in October 1979. [Mexico City EXCELSIOR 11 Apr 88 pp 4-A, 32-A; Mexico City LA JORNADA 11 Apr 88 pp 40, 11. For related reporting see JPRS REPORT: LATIN AMERICA of 5 Nov 87 (JPRS-LAM-87-071) p 40 and 25 Feb 87 (JPRS-LAM-87-014), pp 96-99.]

**Indian Evangelicals Protest in Chiapas**—In San Cristobal de las Casas, Chiapas, on 22 March more than 5,000

Indian Evangelical Christians from the state's highlands for the first time participated in what they termed a "political-religious" march to protest attacks against Indians of the state by political groups. The attacks have included expulsions of Indians from their communities, including San Juan Chamula, San Andres Larrainzar, and San Miguel Chalchiuitán. Asserting their constitutionally-protected right to religious freedom, the protesters reject in pamphlets distributed after the march allegations that they constitute a vanguard for invasion of the country by a foreign ideology. The citizens of San Cristóbal de las Casas, who for the most part are Catholic, were surprised to see this march involving thousands of Indians who profess a faith other than their own. [Mexico City EXCELSIOR (STATES Section) 23 Mar 88 p 6]

**Federal District Industrial Subsidies**—According to a 3-year survey conducted by the Center for Administrative Science Research of the National Polytechnic Institute, 91.7 percent of the industrial enterprises in the

Federal District receive government subsidies ranging in amounts from 1 to 20 centavos per peso of investment. [Mexico City LA JORNADA 4 Apr 88 pp 1, 24]

**Diaz Serrano Sentence Reduced**—Judge Vicente Murguía Diaz of the First Unitary Tribunal of the First Circuit announced on 28 March his decision to reduce an earlier decision against former PEMEX Director Jorge Diaz Serrano that had sent him to prison for 10 years for fraudulently purchasing 2 ships for the parastate enterprise. The judge reduced Diaz Serrano's prison term to 5 years (4 years, 7 months, and 28 days of which have been served already) but ordered him to reimburse PEMEX \$58 million in damages. Diaz Serrano still awaits the outcome of a Second District Court case involving the purchase of compressors for PEMEX. [Mexico City EXCELSIOR 29 Mar 88 p 5-A; for earlier reporting, see JPRS REPORT: LATIN AMERICA of 12 Nov 86 (JPRS-LAM-86-106) p 105.]

### Review of Recent Events

32480111 [Editorial Report] The following items have been abstracted from reports published in various issues of the Spanish-language press in Nicaragua, as indicated. No 15 of a series, formerly titled "Recent Political, Economic, Social Developments."

**Cuban Donation to Atlantic Region**—Some 1,400 tons of clothing, food, medicines, and footwear were turned over to the Nicaraguan Government by Vicente Antonio Muniz, commercial attache of the Cuban Embassy in Managua. The donation, which arrived in Puerto Cabezas in the Cuban ship "Kaspar", is the fifth since May 1987, adding up to a total value of \$10 million. Intended beneficiaries are the inhabitants of the Atlantic Region. "Other [Cuban] donations scheduled for the next 3 months will certainly arrive," said Jose Angel Buitrago, deputy minister of foreign cooperation, present at the ceremonies in Puerto Cabezas. Attache Muniz added: "Our people are poor and underdeveloped, but despite this our people have been and will be able, regardless of difficulties, to carry out the sacrifices required to assist other revolutionary peoples, like the Nicaraguan." [Managua BARRICADA 7 Apr 88 p 5]

**Omar Cabezas Begins CDS Work**—Omar Cabezas, the Sandinist Front's "candidate for coordinator" of the CDS [Sandinist Defense Committees], has been meeting with the national leadership of the organization for the purpose of acquainting himself with the "operation and present state" of the CDS. Another subject of discussion was the upcoming CDS "electoral process". Flor de Maria Monterrey, candidate for deputy coordinator, also attended the meetings. [Managua BARRICADA 7 Apr 88 p 2]

**Neighborhood CDS Criticized**—"Obsolete work mechanisms and vertical leadership styles" were blamed for the "bogging down" of the CDS in Nueva Libia neighborhood. It carried out fund-raising activities, but no assemblies were called to render accounts. Thus a million cordobas were collected in 1987 for the construction of a clinic and materials purchased to that end. Another collection for Christmas activities failed to obtain the required funds. It was noted that "the community has not been informed of any of the above, generating unhappiness in the population." [Managua BARRICADA 26 Mar 88 p 4]

**CDS Assists Distribution Enterprise**—Dannell Guerrero, head of the Nicaragua Seafood Distribution Enterprise [ENDIMAR], announced the creation of a "broad network" of distribution for his product in Region 3, encompassing nearly 25 neighborhoods. The CDS is "coordinating" this network, to guarantee efficient distribution and regulated prices to consumers. Guerrero noted that in 1988 ENDIMAR has produced 21,658 boxes of fish, each box averaging 64 lbs. Daily sales of fish for Region 3 are of 12,000 lbs. [Managua BARRICADA 7 Apr 88 p 2]

**May Day Preparations Noted**—Leaders of 12 labor and political organizations representing the "fundamental forces of the revolution" unveiled eight "immediate tasks" to be performed in connection with the May Day festivities. These include strengthening the "volunteer movement" into SMP [Patriotic Military Service], participating in anti-speculation raids, and preventing theft in the workplace. Damaso Vargas of the CST [Sandinist Workers Union] announced that the sending off of a new Pancasan Battalion contingent formed the first "preparatory activities" leading to May Day. The contingent includes 30 women. [Managua BARRICADA 7 Apr 88 pp 1, 5]

**1,500 SMP Volunteers Sought in Region 3**—Marlon Siu, deputy coordinator of the Sandinist Youth, declared that during April his organization is seeking the "voluntary integration" of 1,500 Region 3 youths into the SMP. For May 1,200 youths are expected from the Region 4 townships of Masaya, Granada, Carazo, and Rivas. These enlistments are to replace the 2,000 draftees recently discharged. Siu indicated that voluntary enlistment is a "vote" of militant support for the revolution, the Sandinist Front, and the fatherland." [Managua BARRICADA 5 Apr 88 p 2]

**Demobilized Youth To Enter JS**—Nearly 500 of 750 demobilized youths from Regions 1 and 2 were "officially turned over" by EPS [People's Sandinist Army] representatives to Sandinist Youth [JS] regional secretary Franck Boedeker. Major Emerson Velazquez, EPS political chief for Region 1, told the youths: "You are now reservists, and thus continue as EPS soldiers. Together we will carry out a civic struggle to incorporate in the Constitution...the right of the military to participate directly in municipal elections." [Managua BARRICADA 4 Apr 88 p 6]

**Vargas on Layoffs**—Damoso Vargas, acting head of the CST, said that despite government promises of 3-month subsidies for "workers who must relocate due to the compacting," this will be difficult to enforce because of a lack of funds in enterprises. According to Vargas, 2,500 workers have so far been laid off, 100 of whom volunteered to relocate in agricultural cooperatives. Relocation is voluntary, Vargas insisted. However, workers who refuse will have "no unemployment funds to protect them." [Managua EL NUEVO DIARIO 6 Apr 88 p 4]

**Financing Available for Coffee Growers**—The National Development Bank [BND] will finance medium and large coffee growers in Carazo to the sum of 9,237 cordobas per manzana for labor costs and 3,328 cordobas for inputs. Loans will cover 80 percent of operating costs at a 30 percent rate of interest. [Managua BARRICADA 7 Apr 88 p 8]

**First 'Peasant Radio Station' Opens**—Radio Participativa, the first peasant radio station, began "a trial run of broadcasting" on 7 April. The station operates in part with equipment donated by the FRG. It is installed in El

Chile, 25 km east of Matagalpa, and can be heard by 15,000 persons within a 40 km radius. Station personnel "will be exclusively comprised of peasants", who will be trained both for this work and to install two additional stations. This pilot project, coordinated by CODAREP [People's Radio Broadcasting Corporation], aims to transmit "local news, messages, educational programs, and peasant music" from mobile stations throughout the country. [Managua Sistema Sandinista Television Network O2OO GMT 7 Apr 88]

**Masaya Riot Prisoners Released**—At least 19 persons arrested after the 8 February riots in Masaya have been released, including 3 members of the Communist Party. [Managua EL NUEVO DIARIO 27 Mar 88 p 4]

**RN's Commander 'Fernando' Described**—Diogenes Hernandez, the RN's [Nicaraguan Resistance] Commander "Fernando", was a student for the priesthood at a Matagalpa seminary in 1981, when the murder of an evangelical pastor by "communist soldiers" moved him to join the FDN [Nicaraguan Democratic Force]. Fernando, 32, advocates a concept of "active presence" by the RN inside Nicaragua. [San Jose NICARAGUA HOY 26 Mar 88 p 1]

**Belgian Donation in Soviet Ship**—A donation of vehicles, earth-moving equipment, and medicines from Belgium arrived in Corinto aboard the Soviet ship "Akademik Khokholov". The donated goods will be received by the Esteli municipal board. [Managua BARRICADA 6 Apr 88 p 8]

**Colombian Refugee Influx Feared**

33480094a Caracas *EL NACIONAL* in Spanish  
7 Mar 88 p A4

[Article by Alfredo Planchart]

[Text] Colombia's internal situation is very grave; and this impinges on policy between the two countries, and even on Venezuela's strategic position. Not so much in terms of military activity—which is important in any case because of the problem of the guerrillas and the drug traffic, with the added complication of the kidnappings, which they have hit upon as a way to obtain more Venezuelan money than they still receive from via other sources—but rather from a logistical standpoint, since, as we have already seen and, for obvious reasons, have been experiencing now for the past several decades, the target of their emigration has to be Venezuela.

All signs point to the fact that although the guerrillas have not yet triumphed, they have reached a level of power that competes with that of the Colombian Army and government. A cursory review of the acts that bear out this assessment—in particular, the assault on the Supreme Court and the deaths which resulted, the assassination of the minister of justice, the nation's attorney general, etc—tells us that these are acts of war, a war that the government is not winning. If one adds to this the power of the narcotics traffickers, with the thousands of millions of dollars and the influence they wield in key areas of the American economy and everywhere else, it is clear that the winner of this war thus far is certainly not the government. This is why I believe that this destabilized state of affairs is bound to lead to a coup; if the guerrillas, the drug traffickers and the Colombian government all have equal forces, someone is going to have to try to control and resolve the situation.

This coup, which already looms on the horizon, can have but three origins; namely, the conservative (and liberal) right (since at this stage the two distinctions merge with each other), the Army, or the guerrillas. But in none of the three cases will the weight of the drug traffickers be lacking, since they are the ones with the money. This means that the coup will, in any case, be supported by the traffickers in their quest for more power, which in turn will make the situation unbearable and increase the emigration. I don't believe that many Colombians, who perhaps out of patriotism have remained in a country that has had 50 years of guerrilla war and that is now beset by the drug traffic plague, will be able to stand the more contaminated strong hand that will emerge from these contingencies should they actually materialize. For this reason Venezuela must be prepared, as many Colombians will be entering the country—many more than have entered thus far. This is going to greatly alter the situation in our country. The problems of countries are not solely economic. This is true above

all in our countries, in which, although they were among the first to cast off the yoke of colonialism, many aftertastes of that situation still exist. Not because independence was "chucuta" [bobtailed], as our remembered Perez Alfonzo termed the nationalization of our oil industry, the effects of whose "bobtailing" we are also suffering, but rather because the colonization systems imposed some customs of a social order that our peoples are still dragging behind them. Perhaps to a lesser extent in our neighboring countries—Colombia, Ecuador and Peru—than in Venezuela, where because of our poorness as a colony we were made a capitania instead of a viceroyalty, where, moreover, our War of Independence left us more anemic than we had been and our war for emancipation—our "Federalist War"—left us bloodless, and where we didn't exist until 1936, when we started to live. All of this brought advantages to us, the most important of which is that we have not been contaminated by history and are therefore a new country of the 20th century. This gives us much hope and a great sense of responsibility. For, the future of the world may emerge from here, and we must therefore prepare for it and bear it in mind.

This is not to say that there is not extreme poverty in Latin America—not because it is part of the Third World, a rather hazy, opportunist terminology that smacks somewhat of colonialism—nor that the humble classes have been exploited to the maximum, but rather that one of the cleverest methods used for this exploitation has been that of social stratification. Nor is it that the "amos del Valle"—as my dear friend and colleague, Herrera Luque, has called them—have not existed in Venezuela, but rather that in our neighboring country there was a viceroy and social classes that are still predominant in a form such that one cannot help being reminded of a film that was shown on TV some years ago depicting how some wealthy landowners amused themselves by getting some laborers drunk and watching them being butted and gored by bulls that were let loose on them in the bullring in which the event was held. Nor can one help being reminded of the way "gamines" are treated in the streets of Bogota, or of the way in which the laborers of nearby haciendas are kept subdued. Hence my explanation of the "Bogotazo" when Gaitan was assassinated. They are a people who have been ill-treated in the course of history. This is why there is so much resentment. I don't believe we have it here in the same form, because our history is different and, as I have said, materially speaking, we did not even exist until 1936.

And this is why I have felt the rebellion of the guerrillas to be justified. But the problem has been its contamination with the drug traffic, and the fact that, if what I have warned of above actually comes to pass, the migration to Venezuela will be much more resented and problematic than it has been to date.

Nevertheless, I must acknowledge the work and other contributions the immigrants have brought to Venezuela.

The Colombian guerrilla rebellion is justified, as is the Peruvian one, but history differentiates them from the grievances of the Venezuelan people who

indeed have their grievances and are entitled to them. But if these are mixed with those of the others, we shall have a very complicated third millennium.

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